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COM(2016) 202 final

2016/0110 (COD)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

**amending 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 2014-20**

(Text with EEA relevance)

## **EXPLANATORY MEMORANDUM**

### **CONTEXT OF THE PROPOSAL**

The single internal market is one of the European Union's greatest achievements. Integration and a perfectly functioning internal market are indispensable in making the Europe 2020 strategy successful; put the EU economy on a sustainable growth path in order to overcome the financial and sovereign debt crisis that unfolded since 2008.

As capital markets are global, harmonisation of financial reporting and audit rules at global level is essential for the smooth functioning of the capital markets and also the realisation of an integrated market for financial services in the EU. Instead of introducing its own set of financial reporting standards, the EU decided in 2002 with the adoption of the Regulation 1606/2002 on the application of international accounting standards (IAS Regulation) to implement internationally agreed accounting standards, the so-called International Financial Reporting Standards (IFRS) developed by the International Accounting Standards Board (IASB).

With more and more countries moving towards and adopting IFRS, the EU has to speak with one voice. The European Financial Reporting Advisory Group (EFRAG), the European Commission's technical adviser in accounting matters has gradually taken up the role of providing upstream, technical and credible input to the IASB standard setting process.

Both the international standard setter and the organisation representing Europe's interests need to be independent, possess the sufficient capacity and expertise to produce quality standards and input to those standards, and have sound financial basis in order to be able to carry out their public interest mission on a long-term basis.

To these ends, in 2009 the European Parliament and the Council established a Community Programme to support specific activities in the field of financial services, financial reporting and auditing<sup>1</sup>. This programme was extended with the Regulation (EU) No 258/2014 of the European Parliament and the Council of 3 April 2014 ("Financing Regulation"). The beneficiaries of the extended programme are the IFRS Foundation, EFRAG and the Public Interest Oversight Board (PIOB).

The Financing Regulation prolonged the financing of the IFRS Foundation and PIOB for the period 2014-2020. In view of the uncertainties related to a major governance reform the organisation was undergoing in 2014, the co-legislators decided to limit its financing period until the end of 2016 and called on the Commission to submit a legislative proposal, if appropriate, to continue financing of EFRAG after 31 December 2016. In the meantime, the governance reform of EFRAG was successfully implemented on 31 October 2014. Consequently, the purpose of this regulation is to extend the Union co-financing of EFRAG for the period 2017-2020 under the Union programme established by the Financing Regulation.

#### **1.1. EFRAG**

EFRAG was established in 2001 as a private organisation to provide the Commission with technical expertise in financial reporting matters. At the beginning, EFRAG provided mainly advice to the Commission on whether an international accounting standard to be adopted in

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<sup>1</sup> Decision No 716/2009/EC of the European Parliament and of the Council of 16 September 2009 establishing a Community programme to support specific activities in the field of financial services, financial reporting and auditing (OJ L 253, 25.9.2009, p. 8).

the Union meets the technical endorsement criteria<sup>2</sup>. EFRAG has gradually taken on the role of pro-actively influencing the IASB in its standard setting work. It provides input by issuing comment letters on draft standards and early-stage contribution by publishing discussion papers on current accounting issues.

Originally, representation and voting rights at EFRAG's governing bodies (such as the General Assembly and the Supervisory Board) were tied to the financial contribution to EFRAG's budget. The body in charge of the core technical work, the TEG (Technical Expert Group), has always been independent.

On 12 November 2013 the Commission published the report of Philippe Maystadt, special advisor to the Commissioner responsible for internal market and services, in which he outlined potential reforms to EFRAG governance aimed at reinforcing the Union's contribution to the development of international accounting standards. The recommendations of Philippe Maystadt were broadly supported by the ECOFIN Council of 15 November 2014. The timely implementation of the reform was also deemed necessary by the European Parliament and the Council to achieve the expected objectives of the co-financing programme established by the Financing Regulation of 2014.

In July 2014, the Commission submitted a report to the European Parliament and the Council<sup>3</sup> on the progress achieved in the implementation of the reform of EFRAG, which came to a favourable conclusion regarding the progress made to date.

The reform involved a fundamental revision of the EFRAG Statutes and the EFRAG Internal rules to incorporate a new governance structure, which increased the legitimacy and representativeness of EFRAG. The revised EFRAG Statutes and EFRAG Internal Rules were approved on 16 June 2014 with an effective date of 31 October 2014. On the same day EFRAG enlarged its membership<sup>4</sup> and the new governance structure became operational as of November 2014.

The reform resulted in establishing a new Board of EFRAG, its new decision-making body, with balanced representation of public and private interests. The EFRAG Board takes all its decisions on a consensus basis after considering the results of EFRAG's due process. The Commission, European Supervisory Authorities and the European Central Bank have been contributing to the discussions of the Board as observers. The President of the Board is nominated by the Commission after consulting the European Parliament and the Council. Currently, one of the Board Members acts as the President pending the formal appointment. The Commission ensures that the Accounting Regulatory Committee provides input to EFRAG or requests specific assessments where it is needed. As a result, EFRAG is now well equipped to strengthen the legitimacy of its positions and significantly contribute to the objective of Europe speaking with one voice.

In order to continue to play a key role in ensuring Union's needs and interest are duly taken into account in the development phase of new standards as well as to provide the Commission with high quality endorsement advice on new or amended standards, EFRAG needs solid, long-term, diverse funding to be credible and independent and be able to produce top-quality documents by employing top-quality experts.

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<sup>2</sup> EFRAG is the body mentioned in recital (10) of the IAS Regulation

<sup>3</sup> <http://ec.europa.eu/transparency/regdoc/rep/1/2014/EN/1-2014-396-EN-F1-1.Pdf>

<sup>4</sup> Currently EFRAG has sixteen members: European Stakeholder Organisations: BUSINESSEUROPE, EACB, EBF, EFAA, EFFAS, ESBG, FEE and Insurance Europe; National Organisations: Denmark, France, Germany, Italy, Netherlands, Luxembourg, Sweden and the UK.

In line with the Financing Regulation, EFRAG was allocated an amount of EUR 9 303 000 for the period 2014-2016. The current regulation proposes to allocate to EFRAG an additional amount of EUR 13 831 000 for the period 2017-2020. This amount corresponds to the amount of financing EFRAG for that period in the Commission proposal of 19 December 2012 for the Financing Regulation currently in place. In order to ensure the operational continuity of EFRAG it is necessary to maintain the EU co-financing given that it accounts for approximately 60% of EFRAG's budget.

## **2. LEGAL BASIS, SUBSIDIARITY AND PROPORTIONALITY**

### **2.1. Legal basis**

The legal basis is the Treaty on the Functioning of the European Union, and in particular Article 114.

In accordance with the Commission legislative policy adopted in the framework of the Multi-Annual Financial Framework, the present funding programme is proposed as a Regulation.

### **2.2. Subsidiarity principle**

The Union programme provides for the possibility to co-finance activities of certain bodies pursuing aims of a general Union interest on Union-wide issues in the field of financial reporting and auditing. The proposal complies with the subsidiarity principle since, in accordance with Article 5 of the Treaty on the European Union, its objectives cannot be sufficiently achieved by the Member States and can, by reason of the scale and the effect of the action, be better achieved at Union level.

### **2.3. Proportionality principle**

The proposal complies with the proportionality principle as set out in Article 5 of the Treaty on the European Union. As assessed in the ex-ante evaluation accompanying the Commission proposal of 19 December 2012 for the Financing Regulation currently in place, this Regulation does not go beyond what is necessary in order to achieve its objectives. Union funding is proposed for a well-defined and limited number of the most important bodies in the field of financial services. Within the current institutional framework, the new funding arrangements will ensure stable, diversified, sound and adequate funding to enable the relevant bodies to carry out their Union-related or Union public interest mission in an independent and efficient manner. Financial support will be granted according to the conditions laid down in Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and Commission Delegated Regulation (EU) No 1268/2012 of 29 October 2012 on the rules of application of Regulation (EU, Euratom) No 966/2012.

## **3. RESULTS OF EX-POST EVALUATIONS, STAKEHOLDER CONSULTATIONS AND IMPACT ASSESSMENTS**

In the ex-ante evaluation<sup>5</sup> accompanying the Commission's proposal of 19 December 2012 for the Financing Regulation that is currently in place, different possible alternatives of funding EFRAG were assessed. The objectives of the programme established by the Regulation were to ensure stable, diversified, sound and adequate funding and to enable EFRAG to accomplish its mission in an independent and efficient manner. It has been concluded that Union co-financing is the most efficient option. This assessment is still valid following the governance reform of EFRAG implemented in 2014.

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<sup>5</sup> SWD(2012) 444 final

In the ex-ante evaluation it was concluded that the programme with respect to EFRAG has so far met the objectives set and that financing should be continued. As explained above, the governance reform of EFRAG was successfully implemented in 2014 following the recommendations laid down in the report of Philippe Maystadt. The Commission favorably assessed the activities of EFRAG following the reform in its report to the European Parliament and the Council of 17 September 2015.<sup>6</sup> In the report, the Commission confirmed that EFRAG took account in its endorsement assessments of whether IFRS were meeting all technical criteria of the IAS Regulation. Following its governance reform, EFRAG has strengthened its scope of assessment of whether new or proposed financial reporting requirements are conducive to the public good. The Commission also welcomed EFRAG's willingness to further develop its capacities with respect to the analysis of the effects of standards including macro-economic effects such as any detrimental effects on financial stability or economic development in the EU.

Therefore, it is appropriate to propose to continue financing of EFRAG for the period 2017-2020 in order to meet the long-term objectives of the Union programme to support specific activities in the field of financial reporting and auditing. For more details please refer to the Commission services' ex ante evaluation accompanying the Commission's proposal of 19 December 2012 for the Financing Regulation that is currently in place (COM(2012)782final).

#### **4. BUDGETARY IMPLICATIONS**

The proposed regulation prolongation of the financing of EFRAG for the period 2017-2020 will increase the total budget of the programme to support specific activities in the field of financial reporting and auditing from EUR 43.176 million to approx. EUR 57 million.

This will result in additional amount to be borne by the Union's budget of EUR 13.831 million.

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<sup>6</sup> Report on the activities of the IFRS Foundation, EFRAG and PIOB in 2014 – COM (2015) 461 [http://ec.europa.eu/finance/company-reporting/docs/reports/20150917-com-2015-461-final\\_en.pdf](http://ec.europa.eu/finance/company-reporting/docs/reports/20150917-com-2015-461-final_en.pdf)

Proposal for a

**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**

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(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,  
Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,  
Having regard to the proposal from the European Commission,  
After transmission of the draft legislative act to the national parliaments,  
Having regard to the opinion of the European Economic and Social Committee<sup>7</sup>,  
Acting in accordance with the ordinary legislative procedure,  
Whereas:

- (1) On the basis of Regulation (EU) No 258/2014 of the European Parliament and of the Council<sup>8</sup>, the International Financial Reporting Standards Foundation (the IFRS Foundation), which is the legal successor to the International Accounting Standards Committee Foundation (IASCF), and the Public Interest Oversight Board (PIOB) benefit from Union co-financing in the form of operating grants until 31 December 2020.
- (2) The European Financial Reporting Advisory Group (EFRAG), on the basis of Regulation (EU) No 258/2014, benefits from Union co-financing in the form of operating grants until 31 December 2016.
- (3) On 12 November 2013, the Commission published the report of Philippe Maystadt, special advisor to the Commissioner responsible for internal market and services (the 'special advisor's report'), in which he outlined potential reforms to EFRAG governance aimed at reinforcing the Union's contribution to the development of international accounting standards.
- (4) The Commission closely monitored the implementation of the reform of EFRAG governance and informed duly the European Parliament and the Council of the progress in its implementation. The Commission found that EFRAG successfully implemented the conclusions of the special advisor's report, by implementing a new governance structure, which has increased the legitimacy and representativeness of

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<sup>7</sup> OJ C , , p. .

<sup>8</sup> Regulation (EU) No 258/2014 of the European Parliament and of the Council of 3 April 2014 establishing a Union Programme to support specific activities in the field of financial reporting and auditing for the period of 2014-20 and repealing Decision No 716/2009/EC (OJ L 105, 8.4.2014, p. 1).

EFRAG. Therefore it is appropriate to continue financing of EFRAG for the period 2017-2020 in order to meet the long-term objectives of the Union programme to support specific activities in the field of financial reporting and auditing.

- (5) Regulation (EU) No 258/2014 should therefore be amended accordingly.
- (6) Since the objective of this Regulation, namely increasing the budget of a Union programme for the period 2017 to 2020 in order to support the activities of EFRAG, which contribute to the achievement of the policy objectives of the Union in relation to financial reporting, cannot be sufficiently achieved by the Member States but can rather, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.

HAVE ADOPTED THIS REGULATION:

#### *Article 1*

Regulation (EU) No 258/2014 is amended as follows:

(1) in Article 3(1)(a), point (i) is replaced by the following:

"(i) EFRAG;"

(2) Article 6 is amended as follows:

(a) paragraph 1 is replaced by the following:

"1. The financial envelope for the implementation of the Programme for the period 2014 to 2020 shall be EUR 57 007 000 in current prices.";

(b) in paragraph 3, point (a) is replaced by the following:

"(a) for EFRAG: EUR 23 134 000;"

#### *Article 2*

##### *– Entry into force*

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

It shall apply from 1 January 2017.

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

Done at Brussels,

*For the European Parliament*  
*The President*

*For the Council*  
*The President*

## LEGISLATIVE FINANCIAL STATEMENT

### **1. FRAMEWORK OF THE PROPOSAL/INITIATIVE**

- 1.1. Title of the proposal/initiative
- 1.2. Policy area(s) concerned in the ABM/ABB structure
- 1.3. Nature of the proposal/initiative
- 1.4. Objective(s)
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### **2. MANAGEMENT MEASURES**

- 2.1. Monitoring and reporting rules
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### **3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE**

- 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected
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  - 3.2.5. *Third-party contributions*
- 3.3. Estimated impact on revenue

## LEGISLATIVE FINANCIAL STATEMENT

### 1. FRAMEWORK OF THE PROPOSAL/INITIATIVE

#### 1.1. Title of the proposal/initiative

Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 258/2014 of the European Parliament and of the Council of 3 April 2014 establishing a Union Programme to support specific activities in the field of financial reporting and auditing for the period of 2014-20 and repealing Decision No 716/2009/EC.

#### 1.2. Policy area(s) concerned in the ABM/ABB structure<sup>9</sup>

Policy Area: Financial stability, financial services and Capital Markets Union

#### 1.3. Nature of the proposal/initiative

- The proposal/initiative relates to **a new action**
- The proposal/initiative relates to **a new action following a pilot project/preparatory action**<sup>10</sup>
- The proposal/initiative relates to **the extension of an existing action**
- The proposal/initiative relates to **an action redirected towards a new action**

#### 1.4. Objective(s)

##### 1.4.1. *The Commission's multiannual strategic objective(s) targeted by the proposal/initiative*

The Programme also contributes to the Europe 2020 strategy, by reinforcing the single market of financial services and capital, as well as to the strategy's external dimension. It is expected to contribute to the objectives of ensuring comparability and transparency of company accounts throughout the Union and of making the needs of the Union heard in the context of the global harmonisation of financial reporting standards.

##### 1.4.2. *Specific objective(s) and ABM/ABB activity(ies) concerned*

Specific objective: To improve the conditions for the functioning of the internal market by supporting transparent and independent development of international financial reporting standards

ABM/ABB activity(ies) concerned

12 Financial services and capital markets

<sup>9</sup> ABM: activity-based management; ABB: activity-based budgeting.  
<sup>10</sup> As referred to in Article 54(2)(a) or (b) of the Financial Regulation.

1.4.3. *Expected result(s) and impact*

*Specify the effects which the proposal/initiative should have on the beneficiaries/groups targeted.*

Increase the financial independence of EFRAG

Equip EFRAG with the necessary resources to carry out its European public interest mission

1.4.4. *Indicators of results and impact*

*Specify the indicators for monitoring implementation of the proposal/initiative.*

The extent to which the EU could influence the development of IFRS

**1.5. Grounds for the proposal/initiative**

1.5.1. *Requirement(s) to be met in the short or long term*

Raising the independence (also the perceived independence) of EFRAG and enable it to carry out its public interest mission in a satisfactory manner

1.5.2. *Added value of EU involvement*

The main goal of the Programme is to improve the conditions for the efficient functioning of the internal market by supporting the transparent and independent development of international financial reporting. In this respect, the programme aims at ensuring comparability and transparency of company accounts throughout the EU and globally.

Furthermore, a significant, credible and independent technical upstream European input is essential at the development of those standards. EFRAG is responsible for those activities.

1.5.3. *Lessons learned from similar experiences in the past*

The current financing has been successful so far in meeting the expectations

1.5.4. *Compatibility and possible synergy with other appropriate instruments*

Not applicable

## 1.6. Duration and financial impact

- Proposal/initiative of **limited duration**
  - Proposal/initiative in effect from 01/01/2017 to 31/12/2020
  - Financial impact from 2017 to 2020
- Proposal/initiative of **unlimited duration**
  - Implementation with a start-up period from YYYY to YYYY,
  - followed by full-scale operation.

## 1.7. Management mode(s) planned<sup>11</sup>

- Direct management** by the Commission
  - by its departments, including by its staff in the Union delegations;
  - by the executive agencies
- Shared management** with the Member States
- Indirect management** by entrusting budget implementation tasks to:
  - third countries or the bodies they have designated;
  - international organisations and their agencies (to be specified);
  - the EIB and the European Investment Fund;
  - bodies referred to in Articles 208 and 209 of the Financial Regulation;
  - public law bodies;
  - bodies governed by private law with a public service mission to the extent that they provide adequate financial guarantees;
  - bodies governed by the private law of a Member State that are entrusted with the implementation of a public-private partnership and that provide adequate financial guarantees;
  - persons entrusted with the implementation of specific actions in the CFSP pursuant to Title V of the TEU, and identified in the relevant basic act.
  - *If more than one management mode is indicated, please provide details in the 'Comments' section.*

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<sup>11</sup> Details of management modes and references to the Financial Regulation may be found on the BudgWeb site: [http://www.cc.cec/budg/man/budgmanag/budgmanag\\_en.html](http://www.cc.cec/budg/man/budgmanag/budgmanag_en.html)

## **2. MANAGEMENT MEASURES**

### **2.1. Monitoring and reporting rules**

*Specify frequency and conditions.*

EFrag: Progress and final reports as required by the grant agreement, annual report on activities of EFRAG as required by the Financing Regulation, participation of the Commission services in EFRAG Board meetings.

### **2.2. Management and control system**

#### **2.2.1. Risk(s) identified**

There is a risk of not achieving the operational objectives (if beneficiary's output of the general activities/specific actions' quality are not in accordance with the initial objectives as described in the annual proposal).

There is a risk of threat to the EU financial interests/reputation if Commission's services fail to identify ineligible expenditure.

#### **2.2.2. Information concerning the internal control system set up**

– Beneficiaries are requested to submit an annual report, in accordance with the individual objectives of each programme and in line with the guidelines of Regulation (EU, Euratom) No 966/2012 of 25 October 2012, on the financial rules applicable to the general budget of the European Union.

– The operational unit responsible within DG FISMA have regular contacts with the beneficiaries and participate in all committees of EFRAG.

Risk of threat to the EU Financial interests:

– Controls of grant commitments and payments in DG FISMA follow the reinforced financial circuit and comprise desk checks of relevant supporting documents, including interim and final reports, audited accounts and specific documents requested by the DG. These controls are documented in checklists that are systematically filled in by all actors involved in the respective financial transactions (OIA,OVA,OVA2,FIA, FVA, FVA2, AO), including controls carried out by the DG's financial unit on financial and legal matters in order to deliver the "Bon à Payer"

– The DG's financial unit systematically carries out on-the-spot controls on each beneficiary with substantive testing of a sample of transactions with an aim to assess the beneficiary's financial and internal control system and to provide the AO with additional assurance on the sufficient protection of the EU financial interests.

#### **2.2.3. Estimate of the costs and benefits of the controls and assessment of the expected level of risk of error**

The maximum error rate would remain below 2%.

The cost of the controls would be around 0.5 FTE or 66 000€ per year.

The maximum benefit of the controls would be 100% of the annual granted amount spent adequately and following the sound financial management principle.

### **2.3. Measures to prevent fraud and irregularities**

*Specify existing or envisaged prevention and protection measures.*

Reinforced financial circuits with both an ex-ante operational and financial verification

Regular analysis of the beneficiaries' accounts, annual reports and audit certificates

On-the-spot regular audits to verify budgetary systems and controls

### 3. ESTIMATED FINANCIAL IMPACT OF THE PROPOSAL/INITIATIVE

#### 3.1. Heading(s) of the multiannual financial framework and expenditure budget line(s) affected

- Existing budget lines

In order of multiannual financial framework headings and budget lines.

Heading of multiannual financial framework	Budget line	Type of expenditure	Contribution			
	Number Description	Diff./Non-diff. <sup>12</sup>	from EFTA countries <sup>13</sup>	from candidate countries <sup>14</sup>	from third countries	within the meaning of Article 21(2)(b) of the Financial Regulation
1	<b>12 02 03</b> Standards in the fields of financial reporting and auditing <sup>15</sup>	Diff.	/NO	NO	NO	NO

- New budget lines requested: N/A

<sup>12</sup> Diff. = Differentiated appropriations / Non-diff. = Non-differentiated appropriations.

<sup>13</sup> EFTA: European Free Trade Association.

<sup>14</sup> Candidate countries and, where applicable, potential candidate countries from the Western Balkans.

<sup>15</sup> The budget line is indicative and could be changed following the annual procedure'

### 3.2. Estimated impact on expenditure

#### 3.2.1. Summary of estimated impact on expenditure

EUR million (to three decimal places)

<b>Heading of multiannual financial framework</b>	1	Smart and Inclusive Growth
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DG FISMA			2017	2018	2019	2020	2021	TOTAL
• Operational appropriations								
12 02 03 Standards in the fields of financial reporting and auditing	Commitments	(1)	3.356	3.423	3.491	3.561	0	<b>13.831</b>
	Payments	(2)	2.517	3.406	3.474	3.544	0.890	<b>13.831</b>
Appropriations of an administrative nature financed from the envelope of specific programmes <sup>16</sup>								
Number of budget line N/A		(3)						
<b>TOTAL appropriations for DG FISMA</b>	Commitments	=1	3.356	3.423	3.491	3.561	0	<b>13.831</b>
	Payments	=2	2.517	3.406	3.474	3.544	0.890	<b>13.831</b>

• TOTAL operational appropriations	Commitments	(4)	3.356	3.423	3.491	3.561	0	<b>13.831</b>
	Payments	(5)	2.517	3.406	3.474	3.544	0.890	<b>13.831</b>
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)						

<sup>16</sup> Technical and/or administrative assistance and expenditure in support of the implementation of EU programmes and/or actions (former 'BA' lines), indirect research, direct research.

<b>TOTAL appropriations under HEADING 1</b> of the multiannual financial framework	Commitments	=4+ 6	3.356	3.423	3.491	3.561	0	<b>13.831</b>
	Payments	=5+ 6	2.517	3.406	3.474	3.544	0.890	<b>13.831</b>

**If more than one heading is affected by the proposal / initiative: N/A**

• TOTAL operational appropriations	Commitments	(4)						
	Payments	(5)						
• TOTAL appropriations of an administrative nature financed from the envelope for specific programmes		(6)						
<b>TOTAL appropriations under HEADINGS 1 to 4</b> of the multiannual financial framework (Reference amount)	Commitments	=4+ 6						
	Payments	=5+ 6						

<b>Heading of multiannual financial framework</b>	<b>5</b>	‘Administrative expenditure’ <sup>17</sup>
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EUR million (to three decimal places)

		2017	2018	2019	2020	2021	TOTAL
DG:FISMA							
• Human resources		0	0	0	0	0	0
• Other administrative expenditure		0	0	0	0	0	0
<b>TOTAL DG FISMA</b>	Appropriations	0	0	0	0	0	0

<b>TOTAL appropriations under HEADING 5 of the multiannual financial framework</b>	(Total commitments = Total payments)	0	0	0	0	0	0
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EUR million (to three decimal places)

		Year N <sup>18</sup>	Year N+1	Year N+2	Year N+3		TOTAL
<b>TOTAL appropriations under HEADINGS 1 to 5 of the multiannual financial framework</b>	Commitments	3.356	3.423	3.491	3.561	0	<b>13.831</b>
	Payments	2.517	3.406	3.474	3.544	0.890	<b>13.831</b>

<sup>17</sup> No new administrative appropriations are necessary as the Legislative Financial Statement to the 2014 Financing Regulation had already included all administrative appropriations for the period 2014-2020.

<sup>18</sup> Year N is the year in which implementation of the proposal/initiative starts.

### 3.2.2. *Estimated impact on operational appropriations*

- The proposal/initiative does not require the use of operational appropriations
- The proposal/initiative requires the use of operational appropriations, as explained below: N/A (operating grants)

### 3.2.3. *Estimated impact on appropriations of an administrative nature*

#### 3.2.3.1. Summary

- The proposal/initiative does not require the use of appropriations of an administrative nature
- The proposal/initiative requires the use of appropriations of an administrative nature, which have been already included in the Legislative Financial Statement to the 2014 Financing Regulation (for the period 2014-2020).

#### 3.2.3.2. Estimated requirements of human resources

- The proposal/initiative does not require the use of human resources.
- The proposal/initiative requires the use of human resources as already included in the Legislative Financial Statement to the 2014 Financing Regulation:

#### 3.2.4. *Compatibility with the current multiannual financial framework*

- The proposal/initiative is compatible with the current multiannual financial framework.
- The proposal/initiative will entail reprogramming of the relevant heading in the multiannual financial framework.

Explain what reprogramming is required, specifying the budget lines concerned and the corresponding amounts.

- The proposal/initiative requires application of the flexibility instrument or revision of the multiannual financial framework.

Explain what is required, specifying the headings and budget lines concerned and the corresponding amounts.

### 3.2.5. *Third-party contributions*

- The proposal/initiative does not provide for co-financing by third parties.
- The proposal/initiative provides for the co-financing estimated below:

Appropriations in EUR million (to three decimal places)

	2017	2018	2019	2020	Total
EFRAG with its own funds and with funds received from third parties (Beneficiary average co-finance 40%)	5.593	5.705	5.818	5.935	23.051
TOTAL appropriations co-financed	5.593	5.705	5.818	5.935	23.051

### 3.3. Estimated impact on revenue

- The proposal/initiative has no financial impact on revenue.
- The proposal/initiative has the following financial impact:
  - on own resources
  - on miscellaneous revenue