



EUROPEAN COMMISSION

*Brussels, 18.9.2018  
C(2018) 5995 final*

*Dear President,*

*The Commission would like to thank the Senát for its Opinion on the proposal for a Council Regulation on the establishment of the European Monetary Fund {COM(2017) 827 final}.*

*This proposal forms part of a broader package of ambitious reform measures designed to further deepening Europe's Economic and Monetary Union as well as of President Juncker's broader Roadmap for a more united, stronger and more democratic Union. By building on the well-established structure of the European Stability Mechanism, the proposal aims at establishing a European Monetary Fund anchored firmly within the Union legal framework.*

*The Commission welcomes that the Senát considers possibly to support the adoption of the Commission's proposal to establish an European Monetary Fund and has taken due note of the views expressed in its Opinion.*

*In response to the more technical points contained therein, the Commission would like to refer to the attached annex and hopes that these clarifications address the issues raised.*

*The Commission looks forward to continuing the political dialogue on this file in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Pierre Moscovici  
Member of the Commission*

*Mr Milan ŠTĚCH  
President of the Senát  
Valdštejnské náměstí 17/4  
CZ – 118 01 PRAGUE 1*

## Annex

*The Commission has carefully considered each of the issues raised by the Sénat in its Opinion, and is pleased to offer the following clarifications.*

*As far as the issue of the decision-making process presented in the Commission's proposal to establish an European Monetary Fund is concerned, the Commission considers that it strikes a good balance between euro area Member States' desire as shareholders of the European Monetary Fund to closely monitor the activities of the Fund and a faster decision-making process. Unanimity is preserved for all major decisions with financial impact, such as capital calls, the increase of the lending capacity or the authorised capital stock. Those decisions for which reinforced qualified majority is envisaged can only be adopted because the European Monetary Fund's shareholders have previously decided by unanimity to establish such a body on the basis of Article 352 on the Treaty on the Functioning of the European Union and adopted, again by unanimity, the aforementioned decisions with financial implications, without which the European Monetary Fund would not be able to perform its tasks.*

*As regards the interaction between the Board of Governors of the European Monetary Fund and the Council of the European Union, the intervention of the latter is necessary for the adoption of discretionary policy decisions in order to comply with the case-law of the Court of Justice of the European Union (see Case 9/56 Meroni v High Authority [1957-1958] ECR 133<sup>1</sup>; and Case C-270/12, United Kingdom v Parliament and Council)<sup>2</sup>. The Council's intervention under Article 3(1) of the proposed Regulation, which is the standard procedure and the deviation from which can only take place at the initiative of the European Monetary Fund, is limited to an approval decision and, therefore, the Council cannot act autonomously from or circumvent the Board of Governors. In addition, the Commission considers that a scenario in which the Board of Governors adopts a decision and, subsequently, does not find the necessary support in the Council of the European Union is highly unlikely. This is because, under the proposal, the Board of Governors would decide by unanimity, reinforced qualified majority (85% of the votes cast) or qualified majority (80% of the votes cast), whereas the Council would decide under qualified majority, including, in most cases, only those members of the Council representing Member States whose currency is the euro.*

*As stated in the Opinion, the proposal also establishes an emergency procedure for the Council to endorse or object to decisions of the European Monetary Fund governing bodies where the urgent provision of financial stability support to European Monetary Fund Members is required. The Commission is of the view that not all cases in which the European Monetary Fund would provide stability support would necessarily be under an urgency scenario. Likewise, the language used in the proposal provides flexibility to assess the urgency level on a case by case basis.*

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<sup>1</sup> Judgment of the Court of 13 June 1958. Meroni & Co., Industrie Metallurgiche, SpA v High Authority of the European Coal and Steel Community, Case 9-56, ECLI:EU:C:1958:7.

<sup>2</sup> Judgment of the Court (Grand Chamber), 22 January 2014, United Kingdom of Great Britain and Northern Ireland v European Parliament and Council of the European Union, Regulation (EU) No 236/2012, Case C-270/12, ECLI:EU:C:2014:18.

*Finally, as regards the provision by the European Monetary Fund of the common backstop to the Single Resolution Fund, the proposal establishes that the funds provided to the Single Resolution Board should be recouped by means of contributions from the banking sector, in accordance with the relevant provisions of the Single Resolution Mechanism Regulation<sup>3</sup>. Therefore, no costs would be borne by European Monetary Fund Members.*

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<sup>3</sup> Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund and amending Regulation (EU) No 1093/2010; OJ L 225, 30.7.2014, p. 1–90.