# FTT negotiations gain momentum

Negotiations amongst the 11 participating Member States have received a fresh political push with the Greek Presidency.

On 18 February 2014 a high-level meeting was organised between the 11 participating Member States to discuss the proposal. Two main issues were discussed during this meeting: (i) the possibility to adopt a step-by-step approach; and (ii) whether the tax should be based on a residence principle and an issuance principle or only the issuance principle. Most of the participating Member States seem to agree on the convenience to phase-in the proposal, first applying it to equity shares and only to certain types of derivatives. However, the 11 participating Member States do not seem to agree on the issuance and/or residence principle, with the smaller participating Member States claiming that not including the residency principle would considerably reduce the tax revenues. After the meeting, the Finance Minister of Estonia, one of the 11 participating Member States on the FTT, stated that his country does not like the fact that pension funds will be burdened by the FTT, "that isn't acceptable to us", he stated.

Furthermore, on 19 February 2014 France and Germany held a high-level bilateral meeting, with the FTT being one of the key issues on the agenda. After the meeting the French President François Hollande and German Chancellor Angela Merkel both expressed their support to the FTT and claimed to share a "common approach on derivatives". They also claimed to have reached an agreement in principle to differentiate between the bank's trading activities from their real economy operations, such as lending to small and medium sized companies.

Indeed, negotiations on the FTT are gradually gaining momentum on the European agenda. The Greek Presidency has the (ambitious) objective to reach a political agreement on the FTT during the ECOFIN Council of 6 May 2014.