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P9_TA(2021)0464

Digitalisation of the European reporting, monitoring and audit

European Parliament resolution of 23 November 2021 with recommendations to the Commission on digitalisation of the European reporting, monitoring and audit (2021/2054(INL))

(2022/C 224/02)

The European Parliament,

— having regard to Article 225 of the Treaty on the Functioning of the European Union,

— having regard to Articles 322(1) and 325 of the Treaty on the Functioning of the European Union,

— having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (Financial Regulation) ([1]),

— having regard to Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation) ([2]),

— having regard to Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (PIF Directive) ([3]),

— having regard to Directive (EU) 2018/843 of the European Parliament and the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU (Anti Money Laundering Directive) ([4]),

— having regard to Article 22(4) of Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility ([5]),

— having regard to the Joint Declaration by the European Parliament and the Commission on data collection for effective controls and audits ([6]),

— having regard to the Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources,

— having regard to its resolution of 14 May 2020 with observations forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2018, Section III — Commission and executive agencies ([7]),

— having regard to its resolution of 29 April 2021 with observations forming an integral part of the decisions on discharge in respect of the implementation of the general budget of the European Union for the financial year 2019, Section III — Commission and executive agencies ([8]),

([1]) OJ L 193, 30.7.2018, p. 1.
([2]) OJ L 119, 4.5.2016, p. 1.
([3]) OJ L 198, 28.7.2017, p. 29.
([4]) OJ L 156, 19.6.2018, p. 43.
([5]) OJ L 57, 18.2.2021, p. 17.
([6]) OJ C 58 I, 18.2.2021, p. 2.
([7]) OJ L 417, 11.12.2020, p. 381.
([8]) Texts adopted, P9_TA(2021)0164.

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— having regard to paragraph 24 of the European Council conclusions of 17 to 21 July 2020 on the Multiannual Financial Framework 2021-2027,

— having regard to the Court of Justice's statement in the joined cases C-465/00, C-138/01 and C-139/01 Österreichischer Rundfunk ([9]) that 'in a democratic society, taxpayers and public opinion generally have the right to be kept informed of the use of public revenues.',

— having regard to the study carried out by the Policy Department for Budgetary Affairs, as requested by the Committee on Budgetary Control, entitled 'The Largest 50 Beneficiaries in each EU Member State of CAP and Cohesion Funds',

— having regard to the European added value assessment study carried out by the European Parliamentary Research Service, entitled 'Digitalisation of the European reporting, monitoring and audit',

— having regards to the Court of Auditors' Special Report No 4/2020: Using new imaging technologies to monitor the Common Agricultural Policy: steady progress overall, but slower for climate and environment monitoring,

— having regard to Rules 47 and 54 of its Rules of Procedure,

— having regard to the report of the Committee on Budgetary Control (A9-0311/2021),

A. whereas in accordance with Article 15 of the Treaty on the Functioning of the European Union the Union's institutions, bodies, offices and agencies shall conduct their work as openly as possible;

B. whereas with regard to budget implementation, the application of that principle implies that European citizens should know where, and for what purpose, funds are spent by the Union; notes that the number of off-budget instruments continues to grow, considers that the instruments such as Next Generation EU underlie the direct management of the Commission; highlights that Parliament needs to fulfil its mandate in decision-making, scrutiny and discharge functions; requests that the Financial Regulation is updated, allowing Parliament to fulfil its mandate in controlling these new mechanisms; stresses that this is particularly important in the context of the digitalisation of the European reporting, monitoring and audit;

C. whereas public knowledge and full transparency about the spending of Union funds is essential for the acceptance of this spending and is also crucial in order to ensure accountability, credibility and ensure better control of spending including the avoidance of misuse, corruption, fraud and of conflicts of interests;

D. whereas Article 38 of the Financial Regulation lays down the current rules for the publication of information on recipients and other information;

E. whereas differences in implementation of these rules have led to a situation where there is currently one reporting system for CAP in each Member State and more than 250 reporting systems under the structural and cohesion policies in Member States;

F. whereas there are currently major differences in how these systems are designed, how they work and how to retrieve and share information from them;

G. whereas fragmentation of data makes the identification of final beneficiaries extremely difficult, if not impossible, for direct, indirect or shared management Union funds;

H. whereas there are many systems that do not include unique identification numbers for natural persons and companies;

I. whereas for companies the current systems in most cases do not contain information about the owner or owners of the companies, and their beneficial owners; whereas digitalisation of the European reporting, monitoring and audit is the most useful instrument to avoid disinformation if non-sensitive information is publicly available;

([9]) ECLI:EU:C:2003:294, paragraph 85.

J. whereas Parliament has asked the Commission several times to provide information concerning the 50 largest beneficiaries of CAP and structural funds in each Member State but has so far been receiving incomplete and unsatisfactory replies;

K. whereas Parliament initiated a study in 2020 with a view to identifying the 50 largest beneficiaries of CAP and structural funds in each Member State based on publicly available information, which has provided interesting findings but also has illustrated how it remains difficult to clearly identify many final beneficiaries;

L. whereas the current situation makes it de facto impossible for anybody to get an overview about how much money final beneficiaries get from the CAP and from the structural and cohesion policies;

M. whereas the Court of Auditors' findings presented during the public hearing of the 2 September 2021 in CONT showed a clear need to improve transparency of the existing system of the oversight of Union funds;

N. whereas some companies and natural persons operate in more than one Member State and, therefore, receive Union subsidies in several Member States, and given that company structures can be highly complex and opaque, the Commission is unable to keep track of the total amount of money accumulated by each of these multinational companies;

O. whereas the European Council, in connection with the agreement among Heads of State and Government on the MFF 2021-2027 on 17-21 July 2020 in paragraph 24 of their conclusions, acknowledged the need for more information about final beneficiaries of Union funding for the purposes of control and audit;

P. whereas all these factors illustrate that there is an urgent need to create a single, transparent and easy-to-use standardised, and to the extent possible based on open-source principles, Union-wide interoperable digital system for Member States' implementing authorities to report on the beneficiaries of CAP and structural and cohesion policy funds and all the other funds in order to enable national control and audit authorities, OLAF and EPPO and other Union institutions and bodies, to obtain complete and reliable information with regard to the identity of final beneficiaries, how much they receive and from which funds;

Q. whereas the public should have access to information on the direct and final beneficiaries of Union funds to the greatest extend possible in line with applicable data protection rules and the standing jurisprudence of the Court of Justice of the European Union (CJEU) on the publication of data on beneficiaries of Union funds;

R. whereas such a system should ensure data format harmonisation, be machine readable, contain unique identification numbers, include search and sort functions and be interoperable so that data can be aggregated not only in respect of one policy or fund but across all policies, funds and Member States and should concern direct, indirect and also shared management;

S. whereas such a system should be developed by the Commission in order to ensure the full interoperability, including automatic translation of the main elements of the system and ensure the swiftest possible implementation of such a system across all Member States, policies and funds;

T. whereas such a system must be developed in conjunction with the highest level of cyber security in order to avoid any cyber attacks or attempted cyber attacks on that system used in all Member States;

U. whereas the Union budget should finance the development of such a system, and should be made available to Member States and regional authorities in charge of running and maintaining such reporting systems, as well as for journalist, civil society representatives and the general public, together with training courses for officials in charge of the daily operation of the systems;

V. whereas the reporting systems for CAP and structural and cohesion policies cannot realistically be constantly updated with the most recent information about company ownership and thereby ultimate beneficiaries, the systems should therefore be automatically linked to public company databases and common databases about ultimate beneficiaries;

W. whereas public entities are often the direct recipients of funds from CAP or structural funds which are then paid to other recipients as part of a specific program implementation; whereas in such situations the public entity should also be obliged to report about who the final recipients of the money have been; whereas the digital system should include interoperability *inter alia* with internal systems of relevant national bodies and authorities, management and paying authorities, as well as national public procurement and tender databases;

X. whereas such an interoperable system should respect GDPR rules and reasonable 'de minimis rules' for the publication of data;

Y. whereas data on recipients of funds from CAP and structural and cohesion funds should be available to the public for a minimum period of five years;

Z. whereas rules on the publication of data concerning beneficiaries of funds from shared management policies should as far as possible be harmonised with rules concerning beneficiaries of funds in direct management; whereas satellite data should be used more frequently and better use should be made of it, removing the obstacles currently hampering the wide use of new technologies by paying agencies ([10]);

1. Requests that the Commission, including as part of the upcoming revision of the Financial Regulation, submit, before the end of 2021, necessary legislative proposals for amendments to the Financial Regulation, following the recommendations set out in the Annex hereto;

2. Considers that the financial implications of the requested proposal should be covered by the Union Budget;

3. Considers that ensuring trust in the financial management of Union funds is essential for overall trust in the Union institutions and thereby ensuring credibility in the project of further European integration;

4. Whereas cloud services are strategic innovation enablers for digital transformation and the launching of the European Alliance for Industrial Data, Edge and Cloud in July 2021 represents an important step in this regard.

5. Stresses that clear, understandable and fair rules concerning entitlements for receiving support or participating in spending programmes is a first precondition for support concerning financial management of Union funds;

6. Is of the firm opinion that the most efficient and effective way to further enhance protection of Union finances and enable even closer scrutiny is to create an integrated, interoperable and harmonised system to collect, monitor and analyse information about final beneficiaries in all Member States;

7. Considers that transparency with regard to the implementation of the rules and accordingly about the identity of recipients of funds from different funds and programmes and about the amounts they receive and prevention of fraud policies are an essential part of ensuring trust in the financial management of Union funds; acknowledges that the publication of data on beneficiaries should include 'de minimis' thresholds in line with applicable data protection rules and the standing jurisprudence of the CJEU;

8. Considers furthermore that transparency ensured with a digitalisation program creating an integrated, interoperable and harmonised system could be the best instrument to fight disinformation across all Member States;

9. Considers that transparency with regard to final beneficiaries is also a very efficient tool in the fight against possible misuse, conflicts of interests, fraud and corruption linked to the spending and distribution of Union funds;

10. Believes that transparency of public funds ensures better accountability and enhanced trust from citizens in public authorities;

([10]) ECA Special Report No 4/2020: Using new imaging technologies to monitor the Common Agricultural Policy: steady progress overall, but slower for climate and environment monitoring.

11. Underlines that transparency with regard to ultimate beneficiaries will ensure that auditing, control and discharge authorities in national and regional administrations, the Commission, the Council and Parliament will have much better and more accurate possibilities to ensure that funds are being spent efficiently or to carry out recoveries in the event of fraud or any other kind of misspending according to rules and policy ambitions; emphasises that the Court of Auditors, OLAF and EPPO will also be able to fulfil their respective responsibilities with greater efficiency and accuracy if given full access to complete and reliable information;

12. Underlines furthermore, that a more coherent and Union wide publication of data about final beneficiaries will give journalists, civil society representatives and the general public much better possibilities to raise legitimate questions and concerns and thereby expose potential cases of misuse or fraud of Union funds or suspected involvement from Politically Exposed Persons (PEPs);

13. Considers that the present situation, where it is impossible to get a reasonably complete picture of who is receiving funds and how much they are receiving, especially from shared management funds, including, in particular, the inability to aggregate individual amounts where the same direct and/or final beneficiary and/or beneficial owner is involved, is unacceptable and needs to be changed as soon as possible to increase the transparency and efficiency of Union funds;

14. Is of the firm conviction that the most efficient way to correct the situation is to revise the relevant parts of the Financial Regulation with the objective of increasing transparency with regard to who is receiving funds, how much they are receiving and from which Union funds and programmes;

15. Underlines that such a change to the Financial Regulation may entail changes to sectoral legislation concerning funds and programmes respectively;

16. Stresses that such a revision of the current Financial Regulation should be made as part of the upcoming revision of the Financial Regulation that the Commission has announced will be presented in the fourth quarter of 2021;

17. Believes that the review of the Financial Regulation should include a solid legal basis for mandatory use of open and standardised public procurement data, as well as to make budgetary control IT systems mandatory and interoperable with national and regional databases;

18. Stresses that the revision should ensure the use of standardised datasets and the possibility to identify final beneficiaries of funds; considers that compulsory information items collected for audit and control purposes need to include, as a minimum, the registration number of legal entities, the national identification number for natural persons, an indication of the type of beneficiary, sub-contractors, beneficial owners, whether the beneficiary also receives state aid and the beneficiary's contact information; underlines that access to sensitive data through the interoperable digital reporting and monitoring system should be limited to responsible national and European authorities, institutions and bodies for audit, control and discharge purposes and should be strictly in line with data protection requirements;

19. Stresses that the Commission should ensure that the use of integrated and standardised reporting and monitoring tools is mandatory and fully implemented in the Member States and thus no longer operates solely on a voluntary basis;

20. Underlines that the revision should further ensure that when the direct recipient of Union funds is a company, it should be ensured that it is possible to identify the beneficial owners of that company;

21. Underlines that in situations where the direct recipient is a company which is owned by another company, it should be ensured that it is possible to identify the beneficial owners of the second company also, and that this obligation should apply to all companies involved in the ownership structure; considers therefore that it is necessary to have unique identification numbers set up for beneficiaries by parent companies, so that every subsidiary has a subsequent number, allowing funds to be to fully traced back to the final beneficiaries and beneficial owners;

22. Notes that this obligation to identify the beneficial owner should as a minimum apply whenever any natural or legal person owns more than 15 % of the company in question; emphasises that company shares belonging to relatives should be aggregated and counted as one;

23. Notes that the obligation to be able to identify the beneficial owners of the company should also apply when a company is located in a non-Union country;

24. Notes that the revision of the Financial Regulation should also ensure that public entities, which are the direct recipients of Union funds, should be obliged to report on the final beneficiaries of the funds, i.e. if it is a natural or legal person other than the public entity itself; underlines the necessity for the digital system to include interoperability with internal systems of relevant national bodies and authorities, management and paying authorities, as well as national public procurement and tender databases;

25. Calls on the Commission to develop and make available to financial actors and entities responsible for budget implementation, including competent national and regional authorities under shared management, a system to ensure the digitalisation of European reporting, monitoring and audit for the CAP, cohesion and structural funds policies and other policies;

26. Stresses that such a system shall be based to the extent possible on open-source principles and use standardised datasets and measures to collect, compare and aggregate information and figures on the direct and final recipients and beneficiaries of Union funding, for the purposes of control, audit and discharge; emphasises the need for electronic identity as a first step to increase the trust of citizens in public institutions;

27. Underlines that such a system should be developed with a view to ensuring full compliance with the principles of transparency as specified in Title II, chapter 8 of the Financial Regulation;

28. Highlights that such a system should be accessible to journalists, civil society representatives and the general public in order to facilitate research on the use of public funds and possibly uncover fraud, while respecting GDPR rules;

29. Asks for this system to be developed within two years and to be made available, free of charge, and mandatory for the reporting authorities in Member States;

30. Underlines that the development of such a system should be accompanied with the enabling of national and regional authorities and relevant Union institutions, including the Parliament, the Commission, the Court of Auditors, OLAF and EPPO where relevant, to ensure efficient checks on conflicts of interests, irregularities, issues of double funding and any misuse of funds including the use of modern IT tools such as ARACHNE;

31. Points to the fact that such a system would allow for very quick identification of recurrent and possible overrepresented beneficiaries of Union funds, including tender winners;

32. Asks for the Commission to ensure that the necessary funding for such a system is made available in the Union budget together with appropriations for training and technical assistance for staff of national and regional authorities that will be using this system;

33. Notes that such a system cannot itself contain updated data on ownership of companies; notes further, that such a requirement would imply that managing authorities would become responsible for data on companies, which they are not responsible for;

34. Requests that the system is designed in such a way that it automatically links to databases containing updated information about company ownership as well as interoperability with internal systems of relevant national bodies and authorities, management and paying authorities, as well as national public procurement and tender databases;

35. Asks that information about recipients of Union funds is made publicly available for a minimum period of five years;

36. Underlines that such a system should respect the Union data protection rules and standing jurisprudence of the CJEU; notes that there are differences between the level of detail in information which needs to be collected, aggregated and stored for audit, control and discharge purposes and which can be made available for the public in general; stresses that audit, control and discharge authorities must have full access to all available information while the publication of data may be restricted by applicable data protection requirements and ‘de minimis’ thresholds;

37. Highlights that such a system shall be effectively protected from cyber threats; asks the Commission to invest in high level cybersecurity software and run periodic tests to identify potential vulnerabilities also at Member State level;

38. Acknowledges that the system should respect rules concerning minimum amounts that will not be made publicly available; stresses that the responsible authorities should nevertheless always aggregate all the funds that are being paid to a single beneficiary and if the total amount that is being paid to any single beneficiary exceeds the minimum amount, information regarding all the payments made to that beneficiary should be disclosed to the public;

39. Asks the Commission to ensure that this system will also, to the furthest possible degree, be used for funds and policies under direct management with the same rules concerning transparency as for recipients of funds from Union programmes;

40. Stresses that the existing Early Detection and Exclusion System (EDES) also plays an important role in the protection of the Union's financial interests; is concerned that it only applies to funds under direct management, which only represent about 20 % of the Union funds; is equally concerned that economic operators identified by OLAF as abusing public funds are not automatically excluded from contracts financed by the Union budget or subject to financial penalties; urges the Commission to extend the scope of the EDES in the upcoming revision of the Financial Regulation in order to make it more effective;

41. Instructs its President to forward this resolution and the accompanying recommendations to the Commission and the Council.

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ANNEX TO THE RESOLUTION

TEXT OF THE PROPOSAL REQUESTED

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union

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 322(1) thereof, in conjunction with the Treaty establishing the European Atomic Energy Community, and in particular Article 106a 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 Court of Auditors,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) In line with the requests of the European Parliament and in response to point 24 of the European Council conclusions of 17 to 21 July 2020, in order to enhance the protection of the Union budget and the European Union Recovery Instrument against fraud and irregularities, standardised measures should be introduced to collect, compare and aggregate information and figures on the final recipients and beneficiaries of Union funding, for the purposes of control and audit.

(2) To ensure effective controls and audits, it is necessary to collect data on those ultimately benefitting, directly or indirectly, from Union funding under shared management and from projects and reforms supported under Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility ([1]), including data on beneficial owners of the recipients of the funding. The rules related to the collection and processing of such data will have to comply with applicable data protection rules.

(3) To enhance the protection of the Union budget, the Commission should make available an integrated and interoperable information and monitoring system, including a single data-mining and risk-scoring tool, to access, store, aggregate and analyse the aforementioned data with a view to a generalised mandatory application by Member States. That system should ensure efficient checks on conflicts of interests, irregularities, issues of double funding, and any misuse of the funds. The Commission, the European Anti-Fraud Office (OLAF) and other Union investigative and control bodies should have the necessary access to that data in order to exercise their supervisory functions in relation to the controls and audits that are to be carried out by the Member States in the first place to detect irregularities and conduct administrative investigations into the misuse of the Union funding concerned, and to get a precise overview of its distribution;

(4) Regulation (EU, Euratom) 2018/1046 should therefore be amended accordingly.

HAVE ADOPTED THIS REGULATION:

Regulation (EU, Euratom) 2018/1046 is amended as follows:

(1) Article 36 is amended as follows:

([1]) OJ L 57, 18.2.2021, p. 17.

(a) In paragraph 3, the following point is inserted:

'(ee) the collection of data on those ultimately benefitting, directly or indirectly, from Union funding';

(b) In paragraph 4, the following point is inserted:

'(cc) reliance on an integrated and interoperable electronic information and monitoring system, including a single data-mining and risk-scoring tool, to access and analyse data on those ultimately benefitting, directly or indirectly, from Union funding.';

(2) Article 38 is amended as follows:

(a) Paragraph 1 is replaced by the following:

'1. The Commission shall make available, in an appropriate and timely manner, information on those ultimately benefitting, directly or indirectly, from Union funding, drawing on the data collected in the integrated and interoperable electronic information and monitoring system established in accordance with Article 129a.

The first subparagraph of this paragraph shall also apply to other Union institutions when they implement the budget pursuant to Article 59(1).Where the recipient of funds is a legal person, information shall be published on persons and entities holding more than 15 % ownership of that entity';

(b) Paragraph 2 is replaced by the following:

'2. The following non-sensitive information shall be published, having due regard for the requirements of confidentiality and security, in particular the protection of personal data:

(a) the name of the recipient;

(b) the legal nature of the recipient, namely:

(i) a natural person;

(ii) a legal person;

(iii) a public entity or institution;

(iv) other.;

(c) the locality of the recipient, namely:

(i) the address of the recipient when the recipient is a legal person;

(ii) the region on NUTS 2 level when the recipient is a natural person;

(d) the amount legally committed;

(e) the nature and purpose of the measure.';

(c) Paragraph 4 is deleted;

(d) Paragraph 6 is replaced by the following:

'6. Where personal data are published, the information shall be removed five years after the end of the financial year in which the funds were legally committed. This shall also apply to personal data referring to legal persons whose official name identifies one or more natural persons';

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(3) Article 63 is amended as follows:

(a) the following paragraph is inserted:

'1a. When executing tasks relating to budget implementation, Member States shall collect data on those ultimately benefitting, directly or indirectly, from Union funding in accordance with the requirements of the integrated and interoperable electronic information and monitoring system established under Article 129a. Complementary requirements for the use of the system in a given sector may be laid down in sector-specific rules.';

(b) In paragraph 2, first subparagraph, the following point is inserted:

'(bb) collecting data on those ultimately benefitting, directly or indirectly, from Union funding, using the integrated and interoperable electronic information and monitoring system made available by the Commission in accordance with Article 129a.';

(c) In paragraph 4, the following point is inserted:

'(bb) use the integrated and interoperable electronic information and monitoring system made available by the Commission in accordance with Article 129a.';

(4) the following Article is inserted:

'Article 129a

Integrated and interoperable electronic information and monitoring system

1. The Commission shall set up, operate and make available to financial actors, other persons and entities involved in budget implementation, including competent national authorities under shared management, an integrated and interoperable electronic information and monitoring system, including a single data-mining and risk-scoring tool, to access and analyse data on those ultimately benefitting, directly or indirectly, from Union funding.

2. The system referred to in paragraph 1 shall be based on standardised measures to collect, compare and aggregate information and figures on those ultimately benefitting, directly or indirectly, from Union funding, for the purposes of control and audit. The system shall allow for efficient checks on conflicts of interests, irregularities, issues of double funding, and any misuse of the funds.

3. The compulsory information items collected in the system shall include inter alia:

(a) VAT or registration number of legal entities;

(b) national identification number for natural persons;

(c) the legal nature of the recipient, namely:

(i) a natural person;

(ii) a legal person;

(iii) a public entity or institution;

(iv) other.

(d) contractor(s) and sub-contractor(s);

(e) beneficial owner(s) whenever the recipient, owner, contractor or sub-contractor is a legal person;

(f) information on whether the beneficiary also receives state aid;

(g) all beneficiaries' and beneficial owners' contact information;

4. The Commission, OLAF, the Court of Auditors and, in respect of those Member States participating in enhanced cooperation pursuant to Council Regulation (EU) 2017/1939, EPPO, as well as other Union investigative and control bodies, including the discharge authority, shall be granted access to the information contained in the system referred to in paragraph 1 where necessary for the exercise of their functions.

5. Any processing of personal data in the operation of the system shall comply with Regulation (EU) 2016/679.

6. The Commission is empowered to adopt delegated acts in accordance with Article 269 to lay down detailed rules on the operation and functioning of the system referred to in paragraph 1, including rules on the collection of data and on access to the information contained in the system.';

(5) in Article 154(4), first subparagraph, the following point is inserted:

'(dd) ensure the collection of data on those ultimately benefitting, directly or indirectly, from Union funding to an extent equivalent to the requirements of the system referred to in Article 129a.';

(6) Article 269 is amended as follows:

(a) In paragraph 3, the first sentence is replaced by the following:

'The delegation of power referred to in Article 70(1), the third paragraph of Article 71, Article 129a, Article 161 and the second and third subparagraphs of Article 213(2) may be revoked at any time by the European Parliament or by the Council.';

(b) In paragraph 6, the first sentence is replaced by the following:

'A delegated act adopted pursuant to Article 70(1), the third paragraph of Article 71, Article 129a, Article 161 and the second and third subparagraphs of Article 213(2) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object.'.

Done at …,

For the European Parliament	*For the Council*
The President	*The President*