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(1) Text with EEA relevance

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Acts whose titles are printed in light type are those relating to day-to-day management of agricultural matters, and are generally valid for a limited period.

The titles of all other acts are printed in bold type and preceded by an asterisk.

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II

(Non-legislative acts)

REGULATIONS

COMMISSION REGULATION (EU) No 87/2011

of 2 February 2011

designating the EU reference laboratory for bee health, laying down additional responsibilities and tasks for that laboratory and amending Annex VII to Regulation (EC) No 882/2004 of the European Parliament and of the Council

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 882/2004 of the European Parliament and of the Council of 29 April 2004 on official controls performed to ensure the verification of compliance with feed and food law, animal health and animal welfare rules [1], and in particular Article 32(5) and (6) thereof,

Whereas:

(1) Regulation (EC) No 882/2004 lays down the general tasks, duties and requirements for EU reference laboratories for food and feed and for animal health. The EU reference laboratories for animal health and live animals are listed in Part II of Annex VII to that Regulation.

(2) Following the completion of a selection procedure, the successful laboratory, Agence Nationale de Sécurité Sanitaire de l'alimentation, de l'environnement et du travail (ANSES), with its research laboratory for bee diseases, Sophia-Antipolis Laboratory, France, should be designated as the EU reference laboratory in the field of bee health, for a period of five years from 1 April 2011.

(3) In addition to the general functions and duties laid down in Article 32(2) of Regulation (EC) No 882/2004, certain specific responsibilities and tasks linked to the characteristics of agents liable to affect bee health should be carried out at Union level to ensure enhanced coordination. Therefore, these additional specific responsibilities and tasks of the EU reference laboratory in the field of bee health should be laid down in this Regulation.

(4) Part II of Annex VII to Regulation (EC) No 882/2004 should therefore be amended accordingly.

(5) The measures provided for in this Regulation are in accordance with the opinion of the Standing Committee of the Food Chain and Animal Health,

HAS ADOPTED THIS REGULATION:

Article 1

Agence Nationale de Sécurité Sanitaire de l'alimentation, de l'environnement et du travail (ANSES) with its research laboratory for bee diseases, Sophia-Antipolis Laboratory, France, is hereby designated as the EU reference laboratory in the field of bee health from 1 April 2011 to 31 March 2016.

Certain responsibilities and tasks for that laboratory are set out in the Annex to this Regulation.

Article 2

In Part II of Annex VII to Regulation (EC) No 882/2004, the following point 18 is added:

'18. EU reference laboratory for bee health

Agence Nationale de Sécurité Sanitaire de l'alimentation, de l'environnement et du travail
Sophia-Antipolis Laboratory
Les Templiers
105 route des Chappes
BP 111
06902 Sophia-Antipolis
France.'

[1] OJ L 165, 30.4.2004, p. 1.

Article 3

This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Union*.

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

Done at Brussels, 2 February 2011.

For the Commission
The President
José Manuel BARROSO

ANNEX

Certain responsibilities and tasks of the EU reference laboratory for bee health

In addition to the general functions and duties of EU reference laboratories in the animal health sector pursuant to Article 32(2) of Regulation (EC) No 882/2004, the EU reference laboratory for bee health shall have the following responsibilities and tasks:

1. Coordinate, in consultation with the Commission, the methods employed in the Member States for diagnosing the relevant bee diseases, as necessary, in particular by:

   (a) typing, storing and, where appropriate, supplying strains of the pathogenic agents to facilitate the diagnostic service in the Union;

   (b) typing and antigenic and genomic characterisation of pathogenic agents, where relevant and necessary, for example for epidemiological follow-ups or verification of diagnosis;

   (c) supplying standard sera and other reference reagents to the national reference laboratories in order to standardise the test and the reagents used in each Member State, where serological tests are required;

   (d) organising periodic comparative tests of diagnostic procedures at Union level with the national reference laboratories , in order to provide information on the methods of diagnosis used and the result of the tests carried out in the Union;

   (e) retaining expertise on the Tropilaelaps mites and the small hive beetle (*Aethina tumida*) and other pertinent pathogenic agents to enable rapid differential diagnosis;

   (f) determining the identity of the causative pathogenic agents, where necessary in close collaboration with regional reference laboratories designated by the World Organisation for Animal Health (OIE);

   (g) building up and maintaining an up-to-date collection of pathogenic agents and their strains and an up-to-date collection of specific sera and other reagents against bee disease pathogens when or if available;

   (h) being entrusted to carry out an inventory of the currently used techniques in the various laboratories;

   (i) propose standardised tests and test procedures or reference reagents for internal quality control;

   (j) advising the Commission on scientific aspects related to bee health.

2. The EU reference laboratory shall:

   (a) assist actively in the diagnosis of outbreaks of the relevant disease in Member States by receiving pathogen isolates for confirmatory diagnosis, characterisation and epizootic studies and communicating without delay the results of any investigations to the Commission, the Member States and the national reference laboratories concerned;

   (b) facilitate the training or retraining of experts in laboratory diagnosis with a view to harmonising diagnostic techniques throughout the Union;

   (c) organise workshops for the benefit of national reference laboratories as agreed in the work programme, including training of experts from the Member States and, as appropriate, from third countries, in new analytical methodologies;

   (d) provide technical assistance to the Commission and, at its request, participate in international forums concerning, in particular, the standardisation of analytical methods and their implementation;

   (e) develop monitoring activities and whenever possible coordinate activities directed towards an improvement of the bee health status in the Union, in particular by:

      (i) carrying out or collaborating with national reference laboratories concerned in carrying out test validation trials;

      (ii) providing scientific and technical support to the Commission and collecting information and reports associated with the activities of the EU reference laboratory;

      (iii) establishing and coordinating a survey on colony collapse disorder in the Union with regard to establishing a baseline for ‘normal’ seasonal mortality of bees;

(f) collaborating with the relevant competent laboratories in third countries where those diseases are prevalent as regards methods of diagnosing bee diseases;

(g) collaborating with the relevant regional laboratories designated by the OIE with regard to exotic diseases (Tropilaelaps mites and the small hive beetle (*Aethina tumida*) and any other disease exotic to the Union);

(h) collating and forwarding information to the Commission and to national reference laboratories concerned on exotic and endemic diseases or pests that are potentially emerging and could affect the Union, including colony collapse disorder.

3. The EU reference laboratory shall also:

(a) perform experiments and field trials, in consultation with the Commission, directed towards an improved control of specific bee diseases;

(b) review at the annual meeting of national reference laboratories the relevant requirements for testing laid down in the OIE Terrestrial Animal Health Code and Manual of Diagnostic Tests and Vaccines for Terrestrial Animals;

(c) assist the Commission in reviewing the OIE's recommendations in the Terrestrial Animal Health Code and the Manual of Diagnostic Tests and Vaccines for Terrestrial Animals.

COMMISSION REGULATION (EU) No 88/2011

of 2 February 2011

implementing Regulation (EC) No 452/2008 of the European Parliament and of the Council concerning the production and development of statistics on education and lifelong learning, as regards statistics on education and training systems

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 452/2008 of the European Parliament and of the Council of 23 April 2008 concerning the production and development of statistics on education and lifelong learning [1], and in particular Article 6 (1) thereof,

Whereas:

(1) Regulation (EC) No 452/2008 establishes a common framework for the systematic production of European statistics in the field of education and lifelong learning in three specified domains to be implemented by statistical actions.

(2) It is necessary to adopt measures to implement individual statistical actions for production of statistics on education and training systems as covered by Domain 1 in Regulation (EC) No 452/2008.

(3) When producing and disseminating of European statistics on education and training systems, the national and European statistical authorities should take account of the principles set out in the European Statistics Code of Practice endorsed by the Commission Recommendation of 25 May 2005 on the independence, integrity and accountability of the national and Community statistical authorities [2].

(4) Implementing measures for production of statistics on education and training systems should take account of the potential burden on educational institutions and individuals and of the latest agreement between the UNESCO Institute for Statistics (UIS), the Organisation for Economic Cooperation and Development (OECD) and the Commission (Eurostat) on concepts, definitions, data processing, periodicity and deadlines for transmission of results. This includes the data transmission format on education systems as specified in the latest version of the detailed guidelines for the UNESCO/OECD/Eurostat data collection.

(5) The measures provided for in this Regulation are in accordance with the opinion of the European Statistical System Committee,

HAS ADOPTED THIS REGULATION:

Article 1

Subject-matter

This Regulation lays down rules for the implementation of Regulation (EC) No 452/2008 as regards the collection, transmission and processing of statistical data in Domain 1 on education and training systems.

Article 2

Subjects covered and their characteristics

The selection and specification of subjects to be covered by Domain 1 on education and training systems, as well as the detailed list of their characteristics and breakdowns, shall be as set out in Annex I.

Article 3

Reference periods and transmission of results

1. Enrolments, entrants, personnel, foreign languages learned and class size data shall refer to the school/academic year as defined nationally (year t). Annual data on enrolments, entrants, personnel, foreign languages learned and class size data shall be transmitted to the Commission (Eurostat) annually by 30 September in year t+2. The first data transmission in September 2012 shall refer to the 2010-2011 school/academic year as defined nationally.

2. Graduates/graduations shall refer to the school/academic year as defined nationally (year t) or to the calendar year (year t+1). Annual data on graduates/graduations shall be transmitted to the Commission (Eurostat) annually by 30 November in year t+2. The first data transmission in November 2012 shall refer to the 2010-2011 school/academic year as defined nationally or to the calendar year 2011.

3. Education expenditure data shall refer to the financial year of the Member State as defined nationally (year t). Annual data on education expenditure shall be transmitted to the Commission (Eurostat) annually by 30 November in year t+2. The first data transmission in November 2012 shall refer to the 2010 financial year.

[1] OJ L 145, 4.6.2008, p. 227.
[2] COM(2005) 217 final.

Article 4

Data quality requirements and quality reporting framework

1. Data quality requirements and quality reporting framework on education and training systems shall be as set out in Annex II.

2. Member States shall transmit to the Commission (Eurostat) a quality report in line with the requirements set out in Annex II every year. The first report shall refer to the 2012 data collection year. The quality report concerning the reference periods laid down in Article 3 shall be transmitted to the Commission by 31 January in year t+3. The first quality report regarding the 2012 data collection shall, exceptionally, be transmitted by 31 March in year t+3.

3. Member States shall acquire the necessary data using a combination of different sources such as sample surveys, administrative data sources or other data sources.

4. Member States shall provide the Commission (Eurostat) with information on the methods and the quality of the data from the sources used other than sample surveys and administrative data sources as referred to in paragraph 3.

Article 5

Entry into force

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

It shall apply from 1 January 2012.

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

Done at Brussels, 2 February 2011.

For the Commission

The President

José Manuel BARROSO

ANNEX I

Subjects covered, detailed list of characteristics and their breakdowns

Table name and breakdowns	Title and Specifications
ENRL-Bologna	**Number of students enrolled by level of education (tertiary level), by sex and detailed field of education reporting in accordance with the Bologna two cycle (Bachelor-Master) and Ph.D degree structure**
Breakdowns	Specifications
Level of education	Number of students following the Bologna structures (or in programmes that lead to a similar degree in non European countries), number of students from programmes where the Bologna structures have not been introduced (following the ISCED 1997 structure) (or in programmes that lead to other degrees in non European countries)
Bologna structures	Programmes less than 3 years but considered to be at tertiary level and part of the Bologna structure (leading to a first degree), Programmes leading to a bachelor degree, 3-4 years of duration leading to a first degree, Master degree 4-6 years of cumulativeduration (leading to a second degree), Longfirst degrees considered to be part of the Bologna structure (duration 5 or more years), Ph.d. and doctorates programmes (leading to a third degree - post doctoratedegree).
ISCED levels	ISCED 5A 3 to < 5 years, (leading to a first degree), ISCED 5A 5 or more years, (leading to a first degree), ISCED 5A (leadingto a second degree), ISCED 5B (leading to a first qualification), ISCED 5B (leading to a second qualification), ISCED 6 (Ph.D/Doctor's degrees/post doctorate degrees)
Detailed field of education	Field of education and training manual, version December 1999
Optional	

Table name and breakdowns	Title and Specifications
ENRL1	**Number of students by level of education, programme orientation, programme destination, intensity of participation, sex and age**
Breakdowns	Specifications
Level of education	ISCED level 0, - level 1, - level 2, - level 3, - level 4, - level 5, - level 6, not allocated by level
Programme orientation	ISCED level 3 general, - level 3 pre-vocational/vocational, - level 4 general, - level 4 pre-vocational/vocational
Programme destination	ISCED level 3A/B, - level 3C, - level 4A/B, level 4C, - level 5A, - level 5B
Intensity of participation	Total full time and part time, full time
Sex	Males, Females
Age	Under 3 years, single years 3 to 29 years, 30-34 years, 35-39 years, 40 years and over, age unknown
Obligatory (except column 5 regarding participation in early childhood programmes not in ISCED 0 or 1)	

Table name and breakdowns	Title and Specifications
ENRL1_Adult	**Number of students in adult education programmes reported in ENRL1 by level of education, programme orientation, intensity of participation, sex and age**
Breakdowns	Specifications
Level of education	ISCED level 1, - level 2, - level 3, - level 4
Programme orientation	ISCED level 3 general, - level 3 pre-vocational/vocational, - level 4 general, - level 4 pre-vocational/vocational
Intensity of participation	Total full time and part time, full time
Sex	Males, Females
Age	Under 15 years, single years 15 to 29 years, 30-34 years, 35-39 years, 40 years and over, age unknown
Obligatory	

Table name and breakdowns	Title and Specifications
ENRL1a	**Number of students by level of education, programme orientation, programme destination, type of institution, intensity of participation and sex**
Breakdowns	Specifications
Level of education	ISCED level 0, - level 1, - level 2, - level 3, - level 4, - level 5A, - level 5B, - level 6, not allocated by level
Programme orientation	ISCED level 2 general, - level 2 pre-vocational, - level 2 vocational, - level 3 general, - level 3 pre-vocational, - level 3 vocational, - level 4 general, - level 4 pre-vocational, - level 4 vocational,
Programme destination	ISCED level 3A, - level 3B, - level 3C, - level 4A, - level 4B, level 4C, - level 5A first degree, - level 5A second and further degrees, - level 5B first qualification, - level 5B second and further qualifications.
Intensity of participation	Total full time and part time, full time, part time, full time equivalents
— total full time and part time	Of which: Students in combined school and work-based programme (for ISCED levels 3 and 4)
— Sex	Males, Females
— full-time	Of which: Students in combined school and work-based programme (for ISCED levels 3 and 4)
— Sex	Males, Females
— part-time	Of which: Students in combined school and work-based programme (for ISCED levels 3 and 4)
— full time equivalents	Of which: Students in combined school and work-based programme (for ISCED levels 3 and 4)
Type of institution	Public institutions, all private institutions
— Intensity of participation	Full time, part time, full time equivalents
Obligatory (except rows C5 to C12 (regarding government dependent private institutions and independent private institutions) and column 5 (regarding participation in early childhood programmes not in ISCED 0 or 1) which remain optional)	

Table name and breakdowns	Title and Specifications
ENRL1a_adult	**Number of students in adult education reported in ENRL1a by level of education, programme orientation, type of institution, intensity of participation and sex**
Breakdowns	Specifications
Level of education	ISCED level 0, - level 1, - level 2, - level 3, - level 4
Programme orientation	ISCED level 2 general, - level 2 pre-vocational, - level 2 vocational, - level 3 general, - level 3 pre-vocational, - level 3 vocational, - level 4 general, - level 4 pre-vocational, - level 4 vocational,
Type of institution	Public institutions, all private institutions, government dependent private institutions, independent private institutions
— Intensity of participation	Full time, part time, full time equivalents
Optional	

Table name and breakdowns	Title and Specifications
ENRL3	**Number of students and repeaters (ISC 123) in general programmes by level of education, sex and grade**
Breakdowns	Specifications
Type of student/repeater status	Number of students, number of repeaters
— Level of education	ISCED level 1
— Programme destination	ISCED level 2 general, - level 3 general
Sex	Males, Females
Grade	Grade 1, Grade 2, Grade 3, Grade 4, Grade 5, Grade 6, Grade 7, Grade 8, Grade 9, Grade 10, Grade unknown
Optional	

Table name and breakdowns	Title and Specifications
ENRL4	**Number of students in grade 1 by sex and age**
Breakdowns	Specifications
Level of education	Grade 1 in Primary (ISCED 1)
Sex	Males, females
Age group	under 4 years, single years 4 to 14 years, 15 years and over, age unknown
Optional	

Table name and breakdowns	Title and Specifications
ENRL5	**Number of students (ISC 56) by level of education, programme destination, field of education and sex**
Breakdowns	Specifications
Level of education	ISCED level 56
— Programme destination	ISCED level 5A, - level 5B, - level 6
Sex	Males, Females
Field of education	Education (ISC 14), Teacher training (ISC 141), Education science (ISC 142), Humanities and Arts, Arts (ISC 21), Humanities (ISC 22), Social sciences, business and law, Social and behavioural science (ISC 31), Journalism and information (ISC 32), Business and administration (ISC 34), Law (ISC 38), Science, Life sciences (ISC 42), Physical sciences (ISC 44), Mathematics and statistics (ISC 46), Computing (ISC 48), Engineering, manufacturing and construction, Engineering and engineering trades (ISC 52), Manufacturing and processing (ISC 54), Architecture and building (ISC 58), Agriculture, Agriculture, forestry and fishery (ISC 62), Veterinary (ISC 64), Health and welfare, Health (ISC 72), Social services (ISC 76), Services, Personal services (ISC 81), Transport services (ISC 84), Environmental protection (ISC 85), Security services (ISC 86), not known or unspecified
Obligatory	

Table name and breakdowns	Title and Specifications
ENRL6	**Number of mobile and foreign students (ISCED 5 and 6) by level of education, programme destination and field of education**
Breakdowns	Specifications
Type of student	Mobile and foreign students
Level of education	ISCED level 5 and 6
— Programme destination	ISCED level 5A, - level 5B, - level 6
Field of education	Education (ISC 14), Teacher training (ISC 141), Education science (ISC 142), Humanities and Arts, Arts (ISC 21), Humanities(ISC 22), Social sciences, business and law, Social and behavioural science (ISC 31), Journalism and information (ISC 32), Business and administration (ISC 34), Law (ISC 38), Science, Life sciences (ISC 42), Physical sciences (ISC 44), Mathematics and statistics (ISC 46), Computing (ISC 48), Engineering, manufacturing and construction, Engineering and engineering trades (ISC 52), Manufacturing and processing (ISC 54), Architecture and building (ISC 58), Agriculture, Agriculture, forestry and fishery (ISC 62), Veterinary (ISC 64), Health and welfare, Health (ISC 72), Social services (ISC 76), Services, Personal services (ISC 81), Transport services (ISC 84), Environmental protection (ISC 85), Security services (ISC 86), not known or unspecified
Optional	

Table name and breakdowns	Title and Specifications
ENRL7	**Number of mobile and foreign students by level of education, programme destination, EU/non EU citizenship and sex**
Breakdowns	Specifications
Type of student	Mobile Students by origin in EU countries, in non-EU countries and unknown origin
— Level of education	ISCED level 5, - level 6, not allocated by level
— Programme destination	ISCED level 5A first degree, - level 5A second and further degrees, - level 5B first qualification, - level 5B second and further qualifications.
— Sex	Males, Females
Type of student	Students who are non-citizens in reporting country — of which students who are citizens of EU countries — of which students who are citizens of non-EU countries — of which students have unknown citizenship
— Level of education	ISCED level 0, - level 1, - level 2, - level 3, - level 4, - level 5, - level 6, not allocated by level
— Programme destination	ISCED level 5A first degree, - level 5A second and further degrees, - level 5B first qualification, - level 5B second and further qualifications.
— Sex	Males, Females
Optional	

Table name and breakdowns	Title and Specifications
ENRL8	**Number of students (ISCED 5/6) by level of education, programme destination, country of citizenship**
Breakdowns	Specifications
Type of student	All students
— Level of education	ISCED level 5, ISCED level 6
— Programme destination	ISCED level 5A, - level 5B
Country of citizenship	The standard country and area codes for statistical use are those which are defined and in force by the United Nations Statistical Division (International Standard ISO 3166-1), m49alpha.
Obligatory	

Table name and breakdowns	Title and Specifications
ENRL9	**Number of students (ISC 5/6) by level of education, programme destination and country of origin (usual residence and/or prior education)**
Breakdowns	Specifications
Type of student	Students by country of origin
— Level of education	ISCED level 6
— Programme destination	ISCED level 5A, - level 5B
Country or territory of Usual residence/ or prior education	The standard country and area codes for statistical use are those which are defined and in force by the United Nations Statistical Division (International Standard ISO 3166-1), m49alpha.
Optional	

Table name and breakdowns	Title and Specifications
ENTR1	**Annual intake by level of education and programme destination**
Breakdowns	Specifications
Level of education	Upper secondary ISCED 3, Post-Secondary non-tertiary ISCED 4, Tertiary
— Programme destination	ISCED 5A, ISCED 5B, ISCED 6
Type of student	New entrants, re-entrants, continuing students
New entrants	With previous education at the other tertiary level, without any previous education at the tertiary level
Optional	

Table name and breakdowns	Title and Specifications
ENTR2	**Number of new entrants by level of education, sex and age**
Breakdowns	Specifications
Level of education	Upper secondary (ISCED level 3), Post-secondary non-tertiary (ISCED 4), Tertiary
— Programme destination	ISCED level 5A, - level 5B, - level 6
Sex	Males, Females
— Age	Under 14 years, single year 14-29, 30-34 years, 35-39 years, 40 years and over, age unknown
Obligatory except for columns 1 and 2 (regarding ISCED levels 3 and 4) which are optional.	

Table name and breakdowns	Title and Specifications
ENTR3	**Number of new entrants by level of education, sex and field of education**
Breakdowns	Specifications
Level of education	Tertiary
— Programme destination	ISCED level 5A, - level 5B, level 6
Sex	Males, Females
— Field of education	Education (ISC 14), Teacher training (ISC 141), Education science (ISC 142), Humanities and Arts, Arts (ISC 21), Humanities(ISC 22), Social sciences, business and law, Social and behavioural science (ISC 31), Journalism and information (ISC 32), Business and administration (ISC 34), Law (ISC 38), Science, Life sciences (ISC 42), Physical sciences (ISC 44), Mathematics and statistics (ISC 46), Computing (ISC 48), Engineering, manufacturing and construction, Engineering and engineering trades (ISC 52), Manufacturing and processing (ISC 54), Architecture and building (ISC 58), Agriculture, Agriculture, forestry and fishery (ISC 62), Veterinary (ISC 64), Health and welfare, Health (ISC 72), Social services (ISC 76), Services, Personal services (ISC 81), Transport services (ISC 84), Environmental protection (ISC 85), Security services (ISC 86), not known or unspecified
Obligatory	

Table name and breakdowns	Title and Specifications
GRAD-Bologna	**Number of graduates/graduations (tertiary level), by sex and detailed field of education reporting in accordance with the Bologna two cycle (Bachelor-Master) and Ph.D degree structure**
Breakdowns	Specifications
Level of education	Number of graduates/graduations following the Bologna structures (or in programmes that lead to a similar degree in non European countries), number of graduates/graduations from programmes where the Bologna structures have not been introduced (following the ISCED 1997 structure) (or in programmes that lead to other degrees in non European countries)
Bologna structures	Degrees less than 3 years but considered to be at tertiary level and part of the Bologna structure (leading to a first degree), Bachelor degree 3-4 years of duration leading to a first degree, Master degree 4-6 years of cumulative duration (leading to a second degree), Long first degrees considered to be part of the Bologna structure (duration 5 or more years), PhD. and doctorates
— ISCED levels	ISCED 5A first degree 3 to < 5 year, ISCED 5A first degree 5 or more years, ISCED 5A (leading to a second degree), ISCED5B (leading to a first qualification), ISCED 5B (leading to a second qualification), ISCED 6 (PhD/Doctor's degrees/post doctorate degrees)
Detailed field of education	Field of education and training manual, version December 1999
Optional	

Table name and breakdowns	Title and Specifications
GRAD1	**Number of graduates (ISCED 3 and 4) by level of education, programme destination, programme orientation, type of institution, sex and by mobile and foreign student by sex**
Breakdowns	Specifications
Type of graduate	Graduates who are foreign citizens in reporting country, graduates who are mobile students in reporting country
Level of education	Upper secondary (ISCED 3), post-secondary non-tertiary ISCED 4
— Programme destination	ISCED level 3A , - level 3B, - level 3C of similar duration as typical 3A or 3B programmes, - level 3C of shorter duration as typical 3A or 3B programmes, ISCED level 4A , - level 4B, - level 4C.
— Programme orientation	ISCED level 3 general programmes, - level 3 pre-vocational programmes, - level 3 vocational programmes, ISCED level 4 general programmes, - level 4 pre-vocational programmes, - level 4 vocational programmes
Sex	Males, Females
Type of graduate/mobile	Graduates with origin outside reporting country
Level of education	Upper secondary (ISCED 3), post-secondary non-tertiary ISCED 4
— Programme destination	ISCED level 3A , - level 3B, - level 3C of similar duration as typical 3A or 3B programmes, - level 3C of shorter duration as typical 3A or 3B programmes
— Programme orientation	ISCED level 3 general programmes, - level 3 pre-vocational programmes, - level 3 vocational programmes, - level 4 general programmes, - level 4 pre-vocational programmes, - level 4 vocational programmes
Sex	Males, Females
Type of institution	Public institutions, all private institutions
— Sex	Males, Females
Level of education	Upper secondary (ISCED 3), post-secondary non-tertiary ISCED 4
— Programme destination	ISCED level 3A , - level 3B, - level 3C of similar duration as typical 3A or 3B programmes, - level 3C of shorter duration as typical 3A or 3B programmes
— Programme orientation	ISCED level 3 general programmes, - level 3 pre-vocational programmes, - level 3 vocational programmes, - level 4 general programmes, - level 4 pre-vocational programmes, - level 4 vocational programmes
Optional	

Table name and breakdowns	Title and Specifications
GRAD2	**Number of graduates (ISCED 3 and 4) by level of education, programme destination, programme orientation, age and sex**
Breakdowns	Specifications
Level of education	Upper secondary (ISCED 3), post-secondary non-tertiary ISCED 4
— Type of graduate	All graduates, First time graduates
— Programme destination	ISCED level 3A , - level 3B, - level 3C of similar duration as typical 3A or 3B programmes, - level 3C of shorter duration as typical 3A or 3B programmes, first time graduates ISCED 3A&3B, first time graduates ISCED 3A, 3B and 3C of similar duration as typical 3A or 3B programmes, ISCED level 4A , - level 4B, - level 4C
— Programme orientation	ISCED level 3 general programmes, - level 3 pre-vocational programmes, - level 3 vocational programmes, ISCED level 4 general programmes, - level 4 pre-vocational programmes, - level 4 vocational programmes
Sex	Males, Females
— Age	Under 11 years, single years 11 to 29 years, 30-34 years, 35-39 years, 40 years and over, age unknown
Obligatory	

Table name and breakdowns	Title and Specifications
GRAD3	**Number of graduates (ISCED 5 and 6) by level of education, programme destination, cumulative duration, type of institution, sex and mobile and foreign students by sex**
Breakdowns	Specifications
Type of graduate/origin	Graduates who are mobile students in reporting country
Level of education	ISCED level 5A, - level 5B, - level 6
— Programme destination	ISCED level 5A first degree by cumulative duration, - level 5A second and further degrees by cumulative duration, - level 5B first qualification by cumulative duration, - level 5B second and further qualifications by cumulative duration, - level 6 Ph.D/Doctor's degrees, - Level 6 post doctorate degrees
— Cumulative duration	ISCED level 5A first degree 3 to < 5 years, - level 5A first degree 5 to 6 years, level 5A first degree more than 6 years, level 5A second and further degrees less than 5 years, level 5A second and further degrees less than 5 to 6 years, level 5A second and further degrees more than 6 years, ISCED level 5A first degree 3 to < 5 years, - level 5A first degree 5 to 6 years, level 5A first degree more than 6 years, level 5B first qualification 2-< 3 years, level 5B first qualification 3 to < 5, level 5B first qualification more than 5 years, level 5B second and further qualifications 3 to < 5 years, level 5B second and further qualifications 5 or more years
Sex	Males, Females

Breakdowns	Specifications
Type of graduate/citizenship	Graduates who are foreign citizens in reporting country
Level of education	ISCED level 5A, - level 5B, - level 6
— Programme destination	ISCED level 5A first degree by cumulative duration, - level 5A second and further degrees by cumulative duration, - level 5B first qualification by cumulative duration, - level 5B second and further qualifications by cumulative duration, - level 6 Ph.D/Doctor's degrees, - Level 6 post doctorate degrees
— Cumulative duration	ISCED level 5A first degree 3 to < 5 years, - level 5A first degree 5 to 6 years, level 5A first degree more than 6 years, level 5A second and further degrees less than 5 years, level 5A second and further degrees less than 5 to 6 years, level 5A second and further degrees more than 6 years, ISCED level 5A first degree 3 to < 5 years, - level 5A first degree 5 to 6 years, level 5A first degree more than 6 years, level 5B first qualification 2-< 3 years, level 5B first qualification 3 to < 5, level 5B first qualification more than 5 years, level 5B second and further qualifications 3 to < 5 years, level 5B second and further qualifications 5 or more years
Sex	Males, Females
Type of institution	Public institutions, all private institutions
Level of education	ISCED level 5A, - level 5B, - level 6
— Programme destination	ISCED level 5A first degree by cumulative duration, - level 5A second and further degrees by cumulative duration, - level 5B first qualification by cumulative duration, - level 5B second and further qualifications by cumulative duration, - level 6 Ph.D/Doctor's degrees, - Level 6 post doctorate degrees
— Cumulative duration	ISCED level 5A first degree 3 to < 5 years, - level 5A first degree 5 to 6 years, level 5A first degree more than 6 years, level 5A second and further degrees less than 5 years, level 5A second and further degrees less than 5 to 6 years, level 5A second and further degrees more than 6 years, ISCED level 5A first degree 3 to < 5 years, - level 5A first degree 5 to 6 years, level 5A first degree more than 6 years, level 5B first qualification 2-< 3 years, level 5B first qualification 3 to < 5, level 5B first qualification more than 5 years, level 5B second and further qualifications 3 to < 5 years, level 5B second and further qualifications 5 or more years
Sex	Males, Females

Optional

Table name and breakdowns	Title and Specifications
GRAD4	**Number of graduates (ISCED 5 and 6) by level of education, programme destination, cumulative duration, age and sex**
Breakdowns	Specifications
Level of education	All ISCED 5 and 6 graduates: ISCED 5A, ISCED 5B, ISCED 6. First-time graduates (unduplicated count): ISCED 5A, ISCED 5B
— Programme destination	ISCED level 5A first degree by cumulative duration, - level 5A second and further degrees by cumulative duration, - level 5B first qualification by cumulative duration, - level 5B second and further qualifications by cumulative duration, - level 6 Ph.D/Doctor's degrees, - Level 6 post doctorate degrees, first time graduates (unduplicated count) ISCED 5A total by cumulative duration, ISCED 5B total,

Breakdowns	Specifications
— Cumulative duration	ISCED level 5A first degree 3 to < 5 years, - level 5A first degree 5 to 6 years, level 5A first degree more than 6 years, level 5A second and further degrees less than 5 years, level 5A second and further degrees less than 5 to 6 years, level 5A second and further degrees more than 6 years, ISCED level 5A first degree 3 to < 5 years, - level 5A first degree 5 to 6 years, level 5A first degree more than 6 years, level 5B first qualification 2-< 3 years, level 5B first qualification 3 to < 5, level 5B first qualification more than 5 years, level 5B second and further qualifications 3 to < 5 years, level 5B second and further qualifications 5 or more years, first time graduates (unduplicated count) ISCED 5A 3 to < 5 years, first time graduates (unduplicated count) ISCED 5A 5 to 6 years, first time graduates (unduplicated count) ISCED 5A more than 6 years
Sex	Males, Females
— Age	Under 15 years, single years 15 to 29 years, 30-34 years, 35-39 years, 40 years and over, age unknown

Obligatory

Table name and breakdowns	Title and Specifications
GRAD5	**Number of graduations by level of education, programme orientation, sex and field of education**
Breakdowns	Specifications
Level of education	ISCED level 3, - level 4, - level 5A, - level 5B, - level 6
— Programme orientation	ISCED level 3 vocational/prevocational qualifications, - level 4 vocational/prevocational qualifications, -level 5A first degree 3 to < 5 years, - level 5A first degree 5 to 6 years, - level 5A first degree more than 6years, - level 5A second and further degrees, - level 5B first qualification, - level 5B second and further qualifications, - level 6 Ph.D/Doctor's degrees, - level 6 post doctorate degrees
Sex	Males, Females
— Field of education	Education (ISC 14), Teacher training (ISC 141), Education science (ISC 142), Humanities and Arts, Arts (ISC 21), Humanities(ISC 22), Social sciences, business and law, Social and behavioural science (ISC 31), Journalism and information (ISC 32), Business and administration (ISC 34), Law (ISC 38), Science, Life sciences (ISC 42), Physical sciences (ISC 44), Mathematics and statistics (ISC 46), Computing (ISC 48), Engineering, manufacturing and construction, Engineering and engineering trades (ISC 52), Manufacturing and processing (ISC 54), Architecture and building (ISC 58), Agriculture, Agriculture, forestry and fishery (ISC 62), Veterinary (ISC 64), Health and welfare, Health (ISC 72), Social services (ISC 76), Services, Personal services (ISC 81), Transport services (ISC 84), Environmental protection (ISC 85), Security services (ISC 86), not known or unspecified

Obligatory

Table name and breakdowns	Title and Specifications
Average duration	**Average duration of tertiary education**
Breakdowns	Specifications
Level of education	ISCED tertiary level, ISCED level 6
— Programme orientation	ISCED level 5A, - level 5B, level 5A/6

Breakdowns	Specifications
Duration by the approximation	
Formula	(pre-defined)
Duration by the chain method	Conditional probability of nil dropouts throughout the 1st year of study, Conditional probability of transition from the 1st to the 2nd year of study, Conditional probability of transition from the 2nd to the 3rd year of study, Conditional probability of transition from the 3rd to the 4th year of study, Conditional probability of transition from the 4th to the 5th year of study, Conditional probability of transition from the 5th to the 6th year of study, Conditional probability of transition from the 6th to the 7th year of study, Conditional probability of transition from the 7th to the 8th year of study, Conditional probability of transition from the 8th to the 9th year of study, Conditional probability of transition from the 9th to the 10th year of study, Conditional probability of transition from the 10th to the 11th year of study

Optional. To be collected every three years

Table name and breakdowns	Title and Specifications
Completion rates	**Survey 2009 to estimate tertiary education completion rates for national and foreign students**
Breakdowns	Specifications
First time graduation	
— Cumulative duration	ISCED level 5A first degree 3 to < 5 years, - level 5A first degree 5 to 6 years, level 5A first degree more than 6 years, level 5Asecond and further qualification (unduplicated), level 5B first qualification 2 to < 3 years, level 5B first qualification 3 to < 5 years, level 5B first qualification more than 5 years, level 5B 1st and 2nd qualifications (unduplicated)
Movement between tertiary type	
A and tertiary type B programmes	movement between 5A towards 5B programmes, movements between 5B towards 5A programmes
Number of graduates	Number of entrants to a 5A programme who failed to complete a first 5A degree successfully but who are re-oriented towards 5B programme and who complete a first 5B degree with success, Number of tertiary-type A graduates that will start afterwards a 5B programme and who will complete a first 5B degree with success, Number of entrants to a 5B programme who failed to complete a first 5B degree successfully but who are re-oriented towards 5A programme and who complete a first 5A degree with success, Number of tertiary-type B graduates that will start afterwards a 5A programme and who will complete a first 5A degree with success
Intensity of participation	Total full time and part time, full time, part time
Completion rates	(pre-defined)

Optional. To be collected every three years

Table name and breakdowns	Title and Specifications
Class 1	**Average class size by level of education and by type of institutions**
Breakdowns	Specifications
Level of education	Primary education (ISC 1), Lower Secondary schools (ISC 2)
Type of institution	Public institutions, government dependent private institutions, independent private institutions
Average class size	Number of students, Number of classes
Optional	

Table name and breakdowns	Title and Specifications
PERS_ENRL2	**Number of students with coverage adjusted to statistics on education personnel by level of education, programme orientation, programme destination, type of institution and mode of study.**
Breakdowns	Specifications
Level of education	ISCED level 0, - level 1, - level 2, - level 3, - level 4, - level 5/6, not allocated by level
— programme orientation	ISCED level 1, - level 2, - level 3 general, - level 3 pre-vocational and vocational, - level 4 general, - 4 level pre-vocational and vocational, - level 5B, - level 5A/6
— programme orientation/location	ISCED level 3 pre-vocational & vocational school based, - level 3 pre-vocational & vocational school and work based, - level 4pre-vocational & vocational school based, - level 4 pre-vocational & vocational school and work based
Type of institution	Public institutions, all private institutions
— Mode of study	Full-time, part-time, full-time equivalents
Obligatory. Rows C4-C9 regarding government dependent private institutions and independent private institutions optional. Columns 9-10 (regarding ISCED level 3 vocational & prevocational school based and school and work based programmes), 14-15 optional (regarding ISCED level 4 vocational & prevocational school based and school and work based programmes).	

Table name and breakdowns	Title and Specifications
PERS1	**Classroom teachers (ISCED 0-4) and academic staff (ISCED 5-6) by level of education, programme orientation, sex, age, type of institution and employment status**
Breakdowns	Specifications
Level of education	ISCED level 0, - level 1, - level 2, - level 3, - level 4, - level 5 and 6, not allocated by level

Breakdowns	Specifications
— Programme orientation	ISCED level 3 general programmes, - level 3 pre-vocational & vocational school based, - level 3 pre-vocational & vocational school and work based, - level 4 general, - level 4 pre-vocational & vocational school based, - level 4 pre-vocational & vocational school and work based, level 5B, - level 5A and 6
Sex	Males, Females
— Age	Less than 25, 25-29 years, 30-34 years, 35-39 years, 40-44 years, 45-49 years, 50-54 years, 55-59 years, 60-64 years, 65 and over, age unknown
Employment status	Full-time, part-time, full-time equivalents
— Sex	Males, Females
Type of institution	Public institutions, all private institutions
— Employment status	Full-time, part-time, full-time equivalents

Obligatory. Rows A54-A61 regarding government dependent private institutions and independent private institutions optional. Columns 9-10 (regarding ISCED level 3 vocational & prevocational school based and school and work based programmes), 14-15 optional (regarding ISCED level 4 vocational & prevocational school based and school and work based programmes) (both for rows A1-A36).

Table name and breakdowns	Title and Specifications
PERS2	**School level management personnel and teacher aides in ISCED levels 0, 1, 2 and 3**
Breakdowns	Specifications
Level of education	ISCED level 0, - level 1, - level 2, - level 3, - combination level 1&2, - combination level 2&3
School level management Personnel	
— Sex	Males, Females
— Employment status	Full-time, part-time, full-time equivalents
Teacher aides	
— Sex	Males, Females
— Employment status	Full-time, part-time, full-time equivalents

Optional

Table name and breakdowns	Title and Specifications
FIN_ENRL2	**Number of students with coverage adjusted to statistics on education finance by level of education, programme orientation, programme destination, type of institution and mode of study.**
Breakdowns	Specifications
Level of education	ISCED level 0, - level 1, - level 2, - level 3, - level 4, - level 5/6, not allocated by level
— programme orientation	ISCED level 2 general, - level 2 pre-vocational and vocational, - level 3 general, - level 3 pre-vocational and vocational, - level 4 general, - level 4 pre-vocational and vocational, - level 5B, - level 5A/6
Type of institution	Public institutions, all private institutions
— Mode of study	Full-time, part-time, full-time equivalents
Obligatory. Rows C4-C9 (regarding government dependent private institutions and independent private institutions) optional. Columns 4, 5, 7, 8, 11, 12, 13, 14 optional. Column 10 can be reported together with column 9.	

Table name and breakdowns	Title and Specifications
FINANCE1	**Education expenditure by level of education, source and type of transaction**
Breakdowns	Specifications
Level of education	ISCED level 0, - level 1, - level 2, - level 3, - level 4, - level 5/6
— programme orientation	ISCED level 2 general, - level 2 pre-vocational and vocational, - level 3 general, - level 3 pre-vocational and vocational, - level 4 general, - level 4 pre-vocational and vocational, - level 5B, - level 5A/6
Source (1)	central government expenditure, regional government expenditure, local government expenditure
— type of transaction (1)	direct expenditure for public institutions, direct expenditure for private institutions, transfers to regional governments (net), transfers to local governments (net), scholarships and other grants to students/households, student loans, transfer and payments to other private entities
Source (2)	funds from international agencies and other foreign sources
— type of transaction (2)	international payments directly to public institutions, international payments directly to private institutions, transfers from international sources to central government, transfers from international sources to regional governments, transfers from international sources to local governments
Source (3)	expenditure of households
— type of transaction (3)	payments to public institutions (net), payments to private institutions (net), payments on goods requested directly and indirectly by educational institutions, payments on goods not directly needed for participation, payments for private tutoring
Source (4)	expenditure of other private entities
— type of transaction (4)	scholarships and other grants to students/households, student loans
Obligatory. Detailed break downs in rows F1, F4, F6, F7, F8, H2, H3, H5B, H15, H16, H17, E2, E3, E5A, E5B are optional. Columns 4, 5, 7, 8, 11, 12, 13, 14 optional. Column 10 can be reported together with column 9.	

Table name and breakdowns	Title and Specifications
FINANCE2	**Education expenditure by level of education, nature and resource category**
Breakdowns	Specifications
Level of education	ISCED level 0, - level 1, - level 2, - level 3, - level 4, - level 5/6
— programme orientation	ISCED level 2 general, - level 2 pre-vocational and vocational, - level 3 general, - level 3 pre-vocational and vocational, - level 4 general, - level 4 pre-vocational and vocational, - level 5B, - level 5A/6
Expenditure in public institutions	
— current expenditure for compensation of personnel (1)	— teachers, - other pedagogical, administrative and professional personnel + support personnel
— current expenditure for compensation of personnel (2)	— salaries, expenditure for retirement, other non-salary compensation
— other current expenditure	
— capital expenditure	
— adjustments for changes in fund balances	
— expenditure for ancillary services in public institutions	
— expenditure for R&D activities in public institutions	
Expenditure in all private institutions	
— total current expenditure for compensation of personnel	
— total current expenditure other than for the compensation of personnel	
— total capital expenditure	
— adjustments for changes in fund balances	
— total expenditure for ancillary services in private institutions	
— total expenditure for R&D activities private institutions	

Obligatory. Rows X1, X5, X7, X8, X9 plus Y1-Y40 and Z1-Z40 optional (regarding government dependent private institutions and independent private institutions). Columns 4, 5, 7, 8, 11, 12, 13, 14 optional. Column 10 can be reported together with column 9.

Table name and breakdowns	Title and Specifications
REGIO1	**Number of students by level of education, programme orientation, sex and region**
Breakdowns	Specifications
Level of education	ISCED level 0, - level 1, - level 2, - level 3, - level 4, - level 5, - level 6
— Programme orientation	ISCED level 3 general, - level 3 pre-vocational/vocational, - level 4 general, - level 4 pre-vocational/vocational, - level 5A, level 5B
Sex	Males, Females
— Region	NUTS level 2 for all countries except for Germany and the United Kingdom (NUTS level 1). No regional information is required from Estonia, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Iceland and Lichtenstein (no NUTS level 2 in these countries)
Obligatory	

Table name and breakdowns	Title and Specifications
REGIO2	**Number of students by age, sex and region**
Breakdowns	Specifications
Age	Under 3 years, single years 3 to 29 years, 30-34 years, 35-39 years, 40 years and over, age unknown
Sex	Males, Females
— Region	NUTS level 2 for all countries except for Germany and the United Kingdom (NUTS level 1). No regional information is required from Estonia, Cyprus, Latvia, Lithuania, Luxembourg, Malta, Iceland and Lichtenstein (no NUTS level 2 in these countries)
Obligatory	

Table name and breakdowns	Title and Specifications
ENRLLNG1	**Number of students by level of education, programme orientation and modern foreign languages studied**
Breakdowns	Specifications
Level of education	ISCED level 1, - level 2, - level 3
— Programme orientation	ISCED - level 3 general, - level 3 pre-vocational/vocational
Modern foreign language	Bulgarian, Czech, Danish, English, Dutch, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish, Swedish, Arabic, Chinese, Japanese, Russian, Other modern languages
Corresponding number of student enrolled	
Obligatory. Columns 4 and 5 (regarding general and pre-vocational and vocational programmes in ISCED level 3) optional.	

Table name and breakdowns	Title and Specifications
ENRLLNG2	**Number of students by level of education, programme orientation, age and modern foreign languages studied**
Breakdowns	Specifications
Level of education	ISCED level 1, - level 2, - level 3
— Programme orientation	ISCED - level 3 general, - level 3 pre-vocational/vocational
Number of foreign languages	no foreign languages, one foreign language, 2 or more foreign languages
Age	Under 6 years, single years 6 to 19, 20 or more years old, not specified by age
Corresponding number of student enrolled	
Obligatory. Rows A2 to A18 optional, columns 13 to 16 (regarding ISCED level 3 prevocational and vocational orientation) optional.	

Table name and breakdowns	Title and Specifications
ISCMAP_PROGR	**Mapping of national educational programmes**
Breakdowns	Specifications
Column headings	Col. 1 Programme number (prog.<ISCED level>.<number within level>) Col. 2 Year when the programme was created Col. 3 ISCED level Col. 4 Programme destination Col. 5 Programme orientation Col. 6 Theoretical cumulative duration at ISCED 5 Col. 7 Position in the national degree / qualification structure Col. 8 Position in the tertiary education structure (Bachelor-Master-PhD) Col. 9 Notes on programmes than span across ISCED levels or sub-categories Col. 10 National name of the programme Col. 11 Description name of the programme in English

Breakdowns	Specifications
	Col. 12 Minimum entrance requirement (ISCED level or other)
	Col. 13 Main diplomas, credentials and certifications awarded
	Col. 14 Code of credential in ISCMAP-QUAL
	Col. 15 Theoretical starting age
	Col. 16 Theoretical duration of the programme
	Col. 17 Theoretical cumulative years of education at the end of the programme
	Col. 18 Does the programme have a work based element? (yes/no)
	Col. 19 Programme specifically designed for adults (Y/N)
	Col. 20 Programme specifically designed for part-time attendance (Y/N)
	Col. 21 Reported in the UOE data collection (Y/N/P)
	Col. 22 Reported in the UOE FINANCE tables (Y/N/P)
	Col. 23 Enrolments
	Col. 24 Notes

Optional

Table name and breakdowns	Title and Specifications
ISCMAP_QUAL	**Mapping of national educational qualifications**
Breakdowns	Specifications
Column headings	Col. 1 Qualification number (qual.<number within level>)
	Col. 2 Year when qualification was introduced
	Col. 3 ISCED level of qualification
	Col. 4 Destination (A/B/C)

Breakdowns	Specifications
	Col. 5 National name
	Col. 6 Name in English
	Col. 7 Programmes designed to lead to it
	Col. 8 Final exam. (Y/N)
	Col. 9 Series of exams during prog. (Y/N)
	Col. 10 Specified no. of course hours, AND exam. (Y/N)
	Col. 11 Estimate of % of course examined
	Col. 12 Specified number of course hours only (Y/N)
	Col. 13 Course hours
	Col. 14 Specific requirements
	Col. 15 Can it be obtained without enrolment in a specific programme? (Y/N)
	Col. 16 Under what conditions?
	Col. 17 Awarding organisation(s)
	Col. 18 Programmes numbers
	Col. 19 Number of graduates
	Col. 20 Programmes numbers
	Col. 21 Number of graduates
	Col. 22 Notes
Optional	

ANNEX II

Data quality requirements and quality reporting framework

Data quality requirements

The data quality requirements for data on education and training systems refer to the quality reporting dimensions (or quality reporting criteria) of relevance, accuracy, timeliness and punctuality, accessibility and clarity, comparability, and coherence.

In particular, the data shall comply with the definitions and concepts as stated in the detailed guidelines for the UNESCO/OECD/Eurostat data collection on education systems.

Data quality report

Every year, the Commission (Eurostat) shall supply Member States 3 months in advance of the transmission deadline referred to in Article 4(2) with draft documents for the annual quality report, partially pre-filled with already available quantative indicators and other information available to the Commission (Eurostat). Member States shall supply the Commission (Eurostat) with the completed quality report referred to in Article 4(2).

The quality report shall be divided into the following 7 chapters: enrolments, entrants, personnel, graduates/graduations, finance, foreign languages learnt and regional enrolment data.

The data quality report shall document the compliance with the dimensions of relevance, accuracy, timeliness and punctuality, accessibility and clarity, comparability, and coherence.

In particular, the data quality report shall document the compliance with the definitions and concepts as stated in the detailed guidelines for the UNESCO/OECD/Eurostat data collection on education systems.

Deviations from the definitions and concepts as stated in the detailed guidelines for the UNESCO/OECD/Eurostat data collection on education systems shall be documented and explained and if possible quantified.

In particular, Member States shall provide a description of sources used at the level of tables as described in Annex I and the use of estimates and revisions shall be clearly identified at the level of tables and breakdowns.

COMMISSION REGULATION (EU) No 89/2011

of 2 February 2011

establishing the standard import values for determining the entry price of certain fruit and vegetables

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 1234/2007 of 22 October 2007 establishing a common organisation of agricultural markets and on specific provisions for certain agricultural products (Single CMO Regulation) [1],

Having regard to Commission Regulation (EC) No 1580/2007 of 21 December 2007 laying down implementing rules for Council Regulations (EC) No 2200/96, (EC) No 2201/96 and (EC) No 1182/2007 in the fruit and vegetable sector [2], and in particular Article 138(1) thereof,

Whereas:

Regulation (EC) No 1580/2007 lays down, pursuant to the outcome of the Uruguay Round multilateral trade negotiations, the criteria whereby the Commission fixes the standard values for imports from third countries, in respect of the products and periods stipulated in Annex XV, Part A thereto,

HAS ADOPTED THIS REGULATION:

Article 1

The standard import values referred to in Article 138 of Regulation (EC) No 1580/2007 are fixed in the Annex hereto.

Article 2

This Regulation shall enter into force on 3 February 2011.

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

Done at Brussels, 2 February 2011.

For the Commission,
On behalf of the President,
José Manuel SILVA RODRÍGUEZ
Director-General for Agriculture and Rural Development

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(1) OJ L 299, 16.11.2007, p. 1.
(2) OJ L 350, 31.12.2007, p. 1.

ANNEX

Standard import values for determining the entry price of certain fruit and vegetables

(EUR/100 kg)

CN code	Third country code [1]	Standard import value
0702 00 00	IL	116,3
	JO	85,0
	MA	59,8
	TN	125,1
	TR	100,8
	ZZ	97,4
0707 00 05	JO	86,2
	MA	100,1
	TR	175,4
	ZZ	120,6
0709 90 70	MA	56,6
	TR	133,1
	ZZ	94,9
0709 90 80	EG	82,2
	ZZ	82,2
0805 10 20	AR	41,5
	BR	41,5
	EG	54,1
	IL	67,8
	MA	52,0
	TN	54,5
	TR	70,6
	ZA	41,5
	ZZ	52,9
0805 20 10	IL	162,8
	MA	77,2
	TR	79,6
	ZZ	106,5
0805 20 30, 0805 20 50, 0805 20 70, 0805 20 90	CN	57,9
	EG	57,7
	IL	98,7
	JM	91,5
	MA	88,7
	PK	51,1
	TR	67,0
	US	79,6
	ZZ	74,0
0805 50 10	AR	45,3
	EG	41,5
	TR	56,6
	UY	45,3
	ZZ	47,2
0808 10 80	BR	55,2
	CA	96,6
	CL	90,0
	CN	86,6
	MK	42,6
	US	126,3
	ZZ	82,9
0808 20 50	CN	76,0
	US	108,9
	ZA	96,8
	ZZ	93,9

(1) Nomenclature of countries laid down by Commission Regulation (EC) No 1833/2006 (OJ L 354, 14.12.2006, p. 19). Code 'ZZ' stands for 'of other origin'.

DECISIONS

COMMISSION DECISION

of 2 February 2011

authorising the placing on the market of a mycelial extract from *Lentinula edodes* (Shiitake mushroom) as a novel food ingredient under Regulation (EC) No 258/97 of the European Parliament and of the Council

(notified under document C(2011) 442)

(Only the English text is authentic)

(2011/73/EU)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 258/97 of the European Parliament and of the Council of 27 January 1997 concerning novel foods and novel food ingredients [1], and in particular Article 7 thereof,

Whereas:

(1) On 19 December 2007 the company GlycaNova Norge AS made a request to the competent authorities of the United Kingdom to place a mycelial extract from the Shiitake mushroom (*Lentinula edodes* formerly *Lentinus edodes*) on the market as a novel food ingredient.

(2) On 3 November 2008 the competent food assessment body of the United Kingdom issued its initial assessment report. In that report it came to the conclusion that the use of the mycelial extract from *Lentinula edodes* as a food ingredient was acceptable.

(3) The Commission forwarded the initial assessment report to all Member States on 7 January 2009.

(4) Within the 60-day period laid down in Article 6(4) of Regulation (EC) No 258/97 reasoned objections to the marketing of the product were raised in accordance with that provision.

(5) Therefore the European Food Safety Authority (EFSA) was consulted on 24 September 2009.

(6) On 9 July 2010, EFSA (Panel on Dietetic Products, Nutrition and Allergies) in the 'Scientific opinion on the safety of "*Lentinula edodes* extract" as a novel food ingredient' [2] came to the conclusion that the mycelial extract from *Lentinula edodes* was safe under the proposed conditions of use and the proposed levels of intake.

(7) On the basis of the scientific assessment, it is established that mycelial extract from *Lentinula edodes* complies with the criteria laid down in Article 3(1) of Regulation (EC) No 258/97.

(8) The measures provided for in this Decision are in accordance with the opinion of the Standing Committee on the Food Chain and Animal Health,

HAS ADOPTED THIS DECISION:

Article 1

The mycelial extract from *Lentinula edodes* as specified in Annex I may be placed on the market in the Union as a novel food ingredient for the uses listed in Annex II.

Article 2

The designation of the mycelial extract from *Lentinula edodes* authorised by this Decision on the labelling of the foodstuff containing it shall be 'extract from the mushroom *Lentinula edodes*' or 'extract from the Shiitake mushroom'.

Article 3

This Decision is addressed to GlycaNova Norge AS, Oraveien 2, 1630 Gamle Fredrikstad, Norway.

Done at Brussels, 2 February 2011.

For the Commission

John DALLI

Member of the Commission

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[1] OJ L 43, 14.2.1997, p. 1.

[2] EFSA Journal 2010; 8(7): 1685.

ANNEX I

Specifications of the mycelial extract from *Lentinula edodes*

Description:

The novel food ingredient is a sterile aqueous extract obtained from the mycelium of *Lentinula edodes* cultivated in a submerged fermentation. It is a light brown, slightly turbid liquid.

Lentinan is a β-(1-3) β-(1-6)-D-glucan which has a molecular weight of approximately 5×10^5 Daltons, a degree of branching of 2/5 and a triple helical tertiary structure.

Composition of the mycelial extract from *Lentinula edodes*

Moisture	98 %
Dry matter	2 %
Free glucose	less than 20 mg/ml
Total Protein (*)	less than 0,1 mg/ml
N-containing constituents (**)	less than 10 mg/ml
Lentinan	0,8 – 1,2 mg/ml

(*) Bradford method
(**) Kjeldahl method

ANNEX II

Uses of the mycelial extract from *Lentinula edodes*

Use group	Maximum level of mycelial extract from *Lentinula edodes*
Bread products	2 ml/100 g
Soft drinks	0,5 ml/100 ml
Ready prepared meals	2,5 ml per meal
Foods based on yoghurt	1,5 ml/100 ml
Food supplements (as defined in Directive 2002/46/EC [1])	2,5 ml per day dose

[1] OJ L 183, 12.7.2002, p. 51.

COMMISSION DECISION

of 2 February 2011

amending Decision 2003/248/EC as regards the extension of the duration of temporary derogations from certain provisions of Council Directive 2000/29/EC in respect of plants of strawberry (*Fragaria* L.), intended for planting, other than seeds, originating in Argentina

(notified under document C(2011) 447)

(2011/74/EU)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community [1], and in particular Article 15(1) thereof,

Whereas:

(1) Under Directive 2000/29/EC, plants of strawberry (*Fragaria* L.), intended for planting, other than seeds, originating in non-European countries, other than Mediterranean countries, Australia, New Zealand, Canada and the continental states of the United States of America, may not in principle be introduced into the Union. However, that Directive permits derogations from that rule, provided that it is established that there is no risk of spreading harmful organisms.

(2) Commission Decision 2003/248/EC [2] authorises Member States to provide for temporary derogations from certain provisions of Directive 2000/29/EC to permit the import of plants of strawberry (*Fragaria* L.), intended for planting, other than seeds, originating in Argentina.

(3) The circumstances justifying the authorisation provided for in Decision 2003/248/EC are still present and there is no new information giving cause for revision of the specific conditions.

(4) By Commission Directive 2008/64/EC [3] *Colletotrichum acutatum* Simmonds was removed from point (c) of Section II of Part A of Annex II to Directive 2000/29/EC. Therefore this organism should no longer be included in the Annex to Decision 2003/248/EC.

(5) Based on the experience gained with the application of Decision 2003/248/EC it is appropriate to extend the period of validity of that authorisation for 10 years.

(6) Decision 2003/248/EC should therefore be amended accordingly.

(7) The measures provided for in this Decision are in accordance with the opinion of the Standing Committee on Plant Health,

HAS ADOPTED THIS DECISION:

Article 1

Decision 2003/248/EC is amended as follows:

(1) the second paragraph of Article 1 of Decision 2003/248/EC is replaced by the following:

'The authorisation to provide for derogations, as provided for in paragraph 1 (hereinafter referred to as "the authorisation"), shall be subject, in addition to the conditions laid down in Annexes I, II and IV to Directive 2000/29/EC, to the conditions provided for in the Annex to this Decision, and shall only apply to the plants that are introduced into the Union in the period from 1 June to 30 September of each year.';

(2) the following Article 3a is inserted:

'*Article 3a*

This Decision shall expire on 30 September 2020.';

(3) the second indent of point 1(c) of the Annex is deleted.

Article 2

This Decision is addressed to the Member States.

Done at Brussels, 2 February 2011.

For the Commission

John DALLI

Member of the Commission

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(1) OJ L 169, 10.7.2000, p. 1.
(2) OJ L 93, 10.4.2003, p. 28.
(3) OJ L 168, 28.6.2008, p. 31.

COMMISSION DECISION

of 2 February 2011

amending Decision 2003/249/EC as regards the extension of the duration of temporary derogations from certain provisions of Council Directive 2000/29/EC in respect of plants of strawberry (*Fragaria* L.), intended for planting, other than seeds, originating in Chile

(notified under document C(2011) 477)

(2011/75/EU)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Directive 2000/29/EC of 8 May 2000 on protective measures against the introduction into the Community of organisms harmful to plants or plant products and against their spread within the Community [1], and in particular Article 15(1) thereof,

Whereas:

(1) Under Directive 2000/29/EC, plants of strawberry (*Fragaria* L.), intended for planting, other than seeds, originating in non-European countries, other than Mediterranean countries, Australia, New Zealand, Canada and the continental States of the United States of America, may not in principle be introduced into the Union. However, that Directive permits derogations from that rule, provided that it is established that there is no risk of spreading harmful organisms.

(2) Commission Decision 2003/249/EC [2] authorises Member States to provide for temporary derogations from certain provisions of Directive 2000/29/EC to permit the import of plants of strawberry (*Fragaria* L.), intended for planting, other than seeds, originating in Chile.

(3) The circumstances justifying the authorisation provided for in Decision 2003/249/EC are still present and there is no new information giving cause for revision of the specific conditions.

(4) By Commission Directive 2008/64/EC [3] *Colletotrichum acutatum* Simmonds was removed from point (c) of Section II of Part A of Annex II to Directive 2000/29/EC. Therefore this organism should no longer be included in the Annex of Decision 2003/249/EC.

(5) Based on the experience gained with the application of Decision 2003/249/EC it is appropriate to extend the period of validity of that authorisation for 10 years.

(6) Decision 2003/249/EC should therefore be amended accordingly.

(7) The measures provided for in this Decision are in accordance with the opinion of the Standing Committee on Plant Health,

HAS ADOPTED THIS DECISION:

Article 1

Decision 2003/249/EC is amended as follows:

1. the second paragraph of Article 1 of Decision 2003/249/EC is replaced by the following:

   'The authorisation to provide for derogations, as provided for in paragraph 1 (hereinafter referred to as "the authorisation"), shall be subject, in addition to the conditions laid down in Annexes I, II and IV to Directive 2000/29/EC, to the conditions provided for in the Annex to this Decision, and shall only apply to the plants that are introduced into the Union, in the period from 1 June to 30 September of each year.';

2. the following Article 3a is inserted:

   '*Article 3a*

   This Decision shall expire on 30 September 2020.';

3. the second indent of point 1(c) of the Annex is deleted.

Article 2

This Decision is addressed to the Member States.

Done at Brussels, 2 February 2011.

For the Commission

John DALLI

Member of the Commission

(1) OJ L 169, 10.7.2000, p. 1.
(2) OJ L 93, 10.4.2003, p. 32.
(3) OJ L 168, 28.6.2008, p. 31.

COMMISSION DECISION

of 2 February 2011

authorising the placing on the market of a chitin-glucan from *Aspergillus niger* as a novel food ingredient under Regulation (EC) No 258/97 of the European Parliament and of the Council

(notified under document C(2011) 480)

(Only the French text is authentic)

(2011/76/EU)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 258/97 of the European Parliament and of the Council of 27 January 1997 concerning novel foods and novel food ingredients [1], and in particular Article 7 thereof,

Whereas:

(1) On 15 January 2008 the company Kitozyme SA made a request to the competent authorities of Belgium to place a chitin-glucan from *Aspergillus niger* on the market as a novel food ingredient.

(2) On 5 November 2008 the competent food assessment body of Belgium issued its initial assessment report. In that report it came to the conclusion that an additional assessment was required.

(3) The Commission forwarded the initial assessment report to all Member States on 12 March 2009. Several Member States submitted additional comments.

(4) Therefore the European Food Safety Authority (EFSA) was consulted on 27 August 2009.

(5) On 9 July 2010, EFSA (Panel on Dietetic Products, Nutrition and Allergies) in the 'Scientific opinion on the safety of "chitin-glucan" as a novel food ingredient' [2] came to the conclusion that chitin-glucan from *Aspergillus niger* was safe under the proposed conditions of use and the proposed levels of intake.

(6) On the basis of the scientific assessment, it is established that chitin-glucan from *Aspergillus niger* complies with the criteria laid down in Article 3(1) of Regulation (EC) No 258/97.

(7) The measures provided for in this Decision are in accordance with the opinion of the Standing Committee on the Food Chain and Animal Health,

HAS ADOPTED THIS DECISION:

Article 1

Chitin-glucan from *Aspergillus niger* as specified in the Annex may be placed on the market in the Union as a novel food ingredient to be used in food supplements with a maximum dose of 5 g per day.

Article 2

The designation of chitin-glucan from *Aspergillus niger* authorised by this Decision on the labelling of the foodstuff containing it shall be 'chitin-glucan from *Aspergillus niger*'.

Article 3

This Decision is addressed to Kitozyme SA, Rue Haute Claire, 4, Parc Industriel des Hauts-Sarts, Zone 2, 4040 Herstal, Belgium.

Done at Brussels, 2 February 2011.

For the Commission

John DALLI

Member of the Commission

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(1) OJ L 43, 14.2.1997, p. 1.

(2) *EFSA Journal* 2010; 8(7): 1687.

ANNEX

SPECIFICATIONS OF CHITIN-GLUCAN FROM *ASPERGILLUS NIGER* MYCELIUM

Description

Chitin-glucan is obtained from the mycelium of *Aspergillus niger*, it is a slightly yellow, odourless, free-flowing powder. It has a dry matter content of 90 % or more.

Chitin-glucan is composed largely of two polysaccharides:

— chitin, composed of repeating units of N-acetyl-D-glucosamine (CAS No: 1398-61-4),

— beta(1,3)-glucan, composed of repeating units of D-glucose (CAS No: 9041-22-9).

Specification of chitin-glucan from *Aspergillus niger*	
Loss on drying	≤ 10 %
Chitin-glucan	≥ 90 %
Ratio of chitin to glucan	30:70 to 60:40
Ash	≤ 3 %
Lipids	≤ 1 %
Proteins	≤ 6 %

IV

(Acts adopted before 1 December 2009 under the EC Treaty, the EU Treaty and the Euratom Treaty)

EFTA SURVEILLANCE AUTHORITY DECISION

No 205/09/COL

of 8 May 2009

on the scheme for temporary recapitalisation of fundamentally sound banks in order to foster financial stability and lending to the real economy (Norway)

THE EFTA SURVEILLANCE AUTHORITY [1],

HAVING REGARD to the Agreement on the European Economic Area [2], in particular Articles 61 to 63 thereof and Protocol 26 thereto,

HAVING REGARD to the Agreement between the EFTA States on the Establishment of a Surveillance Authority and a Court of Justice [3], in particular Article 24 thereof,

HAVING REGARD to Article 1(3) of Part I and Article 4(3) of Part II of Protocol 3 to the Surveillance and Court Agreement [4],

HAVING REGARD to the Authority's Guidelines on the application and interpretation of Articles 61 and 62 of the EEA Agreement [5], and in particular the Chapter on the recapitalisation of financial institutions in the current financial crisis: limitation of aid to the minimum necessary and safeguards against undue distortions of competition thereof [6],

HAVING REGARD to Decision No 195/04/COL of 14 July 2004 on the implementing provisions referred to under Article 27 of Part II of Protocol 3 [7],

WHEREAS:

I. FACTS

1. Procedure

On 28 April 2009, the Norwegian authorities notified, pursuant to Article 1(3) of Part I of Protocol 3, a scheme for the temporary recapitalisation of fundamentally sound banks in order to foster financial stability and lending to the real economy (Event No 516522) [8].

2. The objective of the aid measure

The Norwegian authorities have explained that there is considerable uncertainty concerning the evolution of the Norwegian economy and the developments in the banks' lending policy and activity. There is a strong interdependence between the real economy and the financial system. The desire to reduce risks in the face of mounting losses may cause banks to tighten the supply of credit. The effect of reduced external demand on the Norwegian economy is exacerbated by a tightening of lending conditions for businesses and households, thereby hampering investments and activity in the real economy and amplifying the negative effects of the general economic downturn.

The Norwegian authorities have indicated that lending surveys carried out by the Norwegian Central Bank (*Norges Bank*) and the Financial Supervisory Authority (*Kredittilsynet*) show that banks have been tightening credit standards substantially, particularly for corporate loans. They also show that capital ratios are a key concern for banks when evaluating their lending policy. At present, Norwegian banks are financially sound but they need to strengthen their core capital in order to be able to maintain a normal supply of credit.

In December 2008, Norges Bank recommended that the Government take measures to improve bank solidity in order to enhance lending to the real economy. This recommendation was endorsed by the Financial Supervisory Authority.

The Norwegian authorities have explained that some of the larger Norwegian banks have relatively low core capital ratios and need recapitalisation in order to be able to continue lending to the real economy [9]. Smaller banks with high capital ratios may also need additional core capital to maintain or increase

(1) Hereinafter referred to as 'the Authority'.
(2) Hereinafter referred to as 'the EEA Agreement'.
(3) Hereinafter referred to as 'the Surveillance and Court Agreement'.
(4) Hereinafter referred to as 'Protocol 3'.
(5) Guidelines on the application and interpretation of Articles 61 and 62 of the EEA Agreement and Article 1 of Protocol 3 to the Surveillance and Court Agreement, adopted and issued by the Authority on 19 January 1994, published in the *Official Journal of the European Union* (hereinafter referred to as 'OJ') L 231, 3.9.1994, p. 1, and EEA Supplement No 32, 3.9.1994, p. 1. Hereinafter referred to as 'the State Aid Guidelines'. The updated version of the State Aid Guidelines is published on the Authority's website: http://www.eftasurv.int/state-aid/legal-framework/state-aid-guidelines/
(6) Hereinafter referred to as 'the Recapitalisation Guidelines'.
(7) Decision No 195/04/COL of 14 July 2004, published in OJ L 139, 25.5.2006, p. 37, and EEA Supplement No 26, 25.5.2006, p. 1, as amended by Decision No 319/05/COL of 14 December 2005, published in OJ C 286, 23.11.2006, p. 9, and EEA Supplement No 57, 23.11.2006, p. 31.
(8) Hereinafter referred to as 'the recapitalisation scheme'.
(9) At the end of 2008, there were 121 Norwegian savings banks and 18 Norwegian commercial banks. Approximately 77 % of Norwegian banks had core capital ratios above 12 %. These were however mainly smaller savings banks, and represented only about 11 % of total bank assets. On the other hand, a very limited number of banks had a core capital ratio below 7 %.

lending in line with the purpose of the notified scheme. The Norwegian authorities foresee that certain small banks may have more limited ways of funding themselves and a rather narrow lending portfolio. Accordingly, they are more exposed to liquidity risks than banks with a broader business basis. Thus, even if they originally had higher capital ratios, such factors may imply that core capital is more easily eroded than would be the case for other banks. The Norwegian authorities have accordingly considered that both the situation in the banking sector and the outlook for the Norwegian economy require a state measure offering recapitalisation of fundamentally sound banks in order to restore financial stability and foster lending to the real economy.

The objective of the scheme is to contribute Tier 1 capital ([10]) to the banks in order to strengthen the banks and to improve the ability of the banks to maintain ordinary lending activities. The scheme is only open for fundamentally sound banks and has, according to the Norwegian authorities, been designed to achieve the purpose of ensuring lending to the real economy, whilst minimising distortions of competition.

Under the recapitalisation scheme, a Government Finance Fund (*Statens finansfond*) ([11]) has been set up with the purpose of temporarily contributing Tier 1 capital to Norwegian banks ([12]): acquisition by the Fund of either hybrid securities or preference capital instruments shall be based upon an application from the individual bank. The conditions shall be governed by an agreement between the Fund and the individual bank, setting out the exact modalities of the recapitalisation (e.g. nominal value, amount, remuneration and exit incentives).

3. **National legal basis for the aid measure**

The national legal basis establishing the Fund is *Lov 6. mars 2009 nr. 12 om Statens finansfond*. An implementing regulation relating to the Fund and its activities will also be adopted ([13]).

4. **Budget and duration**

In 2008, Norges Bank carried out a macroeconomic stress test for the six largest Norwegian banks. The test replicated a negative scenario where the outcome was that banks would record losses amounting to on average 2,3 % of their risk-weighted assets. On the basis of this test, Norges Bank estimated the need for recapitalisation of the ten largest banks to be NOK 34 billion. In accordance with the results of this test, sufficient resources (NOK 50 billion, approximately 5,1 billion EUR) have been allocated to the Fund.

The scheme shall be of a temporary nature and the rules are expected to enter into force in May 2009, with a window of 6 months for the Fund to reach agreements with banks that apply for recapitalisation. The deadline for submitting applications to the Fund will be set 6 weeks prior to the expiry of that 6-month period in order to give the Fund time to conclude an agreement with the applicant bank before the window closes in November 2009. Within this time period, the Norwegian authorities will also evaluate whether the measure would be needed for a longer period, in which case the scheme will be re-notified.

5. **The recapitalisation scheme**

5.1. *The beneficiaries*

The Norwegian authorities have explained that only Norwegian banks that are financially sound are eligible for aid under the notified scheme.

The Norwegian Financial Supervisory Authority will exercise a gate-keeping function and determine whether a bank is eligible under the scheme ([14]). As part of its regular surveillance functions, the Financial Supervisory Authority receives from each bank information on loan portfolios and other elements of its balance sheet, business plans and their own assessment of future risk factors. When a bank applies to the Fund for a capital injection, the Financial Supervisory Authority will be asked to make an assessment as to the bank's eligibility under the scheme. The test, according to Section 2 of the Regulation, is that 'the bank meets the Tier 1 capital ratio requirement with a good margin, also when likely developments in the near future are taken into consideration'. According to the Norwegian authorities, the Financial Supervisory Authority will presume that this requirement is met if the bank in question has a core capital ratio at or above 6 %, i.e. 2 percentage points above the regulatory minimum requirement. In all cases, the Financial Supervisory Authority shall base its analysis on up-to-date information, taking into account a bank's various risk exposures, asset quality, and business prospects, as well as the formal capital adequacy ratios, in order to conclude that a bank is fundamentally sound also in light of likely developments in the near future.

5.2. *Maximum capital increases*

Maximum limits for increases in core capital ratios through capital injections from the Fund are foreseen as follows:

(a) a bank with a core capital ratio below 7 % may be recapitalised to a maximum core capital ratio of 10 %;

([10]) Tier 1 capital is the core measure of a bank's financial strength from a regulator's point of view. It is composed of core capital, which consists primarily of common stock and disclosed reserves (or retained earnings), but may also include irredeemable non-cumulative preferred stock.

([11]) Hereinafter referred to as 'the Fund'.

([12]) The term 'Norwegian banks' includes Norwegian banks owned by foreign banks, but excludes branches in Norway of foreign banks, other credit institutions than banks and other types of financial institutions.

([13]) Hereinafter referred to as 'the Regulation'.

([14]) Section 2 of the Regulation.

(b) a bank with a core capital ratio between 7 % and 10 % may be recapitalised by up to 3 percentage points, but not above a core capital ratio of 12 %;

(c) a bank with a core capital ratio above 10 % may be recapitalised by maximum 2 percentage points [15].

Banks which will have a core capital ratio in excess of 12 % after the state capital injections shall document their need for a capital contribution and the Fund will assess the case in light of the bank's situation and in light of how lending to the real economy may be stimulated.

Likewise, an application for an increase in core capital of more than 2 percentage points must include appropriate documentation justifying the need for such a large injection of capital.

The Fund will decide on the actual amount to be allocated on the basis of an assessment of various risk factors, business plans and prospects. The Norwegian authorities have explained that if the Fund is not convinced, on the basis of the evidence provided, that there is a need for any aid under the scheme, it will reject the application. Banks placed in the highest risk category that request a capital increase of more than 2 percentage points will be subject to particular scrutiny.

Cases where the recapitalisation will correspond to more than 2 % of the core capital ratio will be reported to the Authority.

5.3. *Assignment to a risk class*

The Fund shall assign each bank to one of three risk classes, based on objective criteria [16]. The risk class will determine the coupon to be paid on capital injected by the Fund and will remain fixed for the duration of the agreement between the bank and the Fund.

The Regulation stipulates that banks with an external rating from an authorised credit rating agency shall be assigned to a risk class as follows:

Risk class	1	2	3
Rating	AA- or better	From A- to A+	BBB+ or lower

The Norwegian authorities have explained that few Norwegian banks are rated by international rating agencies. Other banks are, however, rated regularly by the largest Norwegian banks. Banks that are not rated by an authorised credit rating agency will be assessed according to principles similar to those applied by official credit rating agencies [17].

The Norwegian authorities estimate that very few Norwegian banks will fall within risk class 1, a number of banks will fall within risk class 2, and the majority of banks will be assigned to risk class 3 (around three quarters of all Norwegian banks).

5.4. *Recapitalisation instruments*

The legislation provides for two alternative capital instruments, a Hybrid Tier 1 security ('*fondsobligasjon*') and a Tier 1 preference capital instrument ('*preferansekapitalinstrument*'). Both instruments qualify as Tier 1 capital and will have no voting rights attached to them. The instruments shall have a preferential right to a non-cumulative claim for annual interest, which shall be conditional upon there being a profit and upon the capital adequacy ratio being no less than 0,2 % higher than the minimum capital adequacy ratio required at any given time. The interest shall be covered until it has either been paid in full or the profit has been exhausted.

The price for the recapitalisation will be fixed individually for each bank on the basis of the interest rate applicable. In addition, there will be an add-on depending on the risk category of the bank and the type of instrument chosen.

The Norwegian authorities consider that the system by which the rate of remuneration for each bank for each instrument is calculated corresponds to the methodology established by the European Central Bank [18] in its recommendation of 20th November 2008 [19] and therefore complies with the Recapitalisation Guidelines.

The Norwegian authorities have explained that Norwegian banks' assets are, to a large extent, floating rate assets. In order to minimise interest rate risk, banks will generally try to have the same maturities of interest rate contracts on both sides of the balance sheet. Maturity matching thus requires that Norwegian banks have mostly floating rate liabilities. Against

[15] Section 2 of the Regulation.
[16] Section 10 of the Regulation.
[17] This implies that a number of criteria such as core capital ratio, total return, composition and credit quality of the lending portfolio, deposit to loan ratio, losses and risk exposure (credit risk, liquidity risk, market risk and operational risk) will be assessed. The Fund, or experts hired by the Fund, may use ratings provided by the largest banks operating in Norway, e.g. the credit analysis by DnB NOR (Norway's largest financial services group), as a starting point for determining the appropriate risk class.
[18] Hereinafter referred to as 'the ECB'.
[19] Hereinafter referred to as 'the ECB Recommendation'.

this background, the Norwegian authorities have proposed that the remuneration of a recapitalisation is based on the yield for either a short-term 6-month government certificate or a 5-year government bond.

According to the explanations of the Norwegian authorities, the cost of recapitalisation for the banks over a 5-year period will be the same irrespective of which option a bank chooses. They illustrate this point by comparing the net present cost of recapitalisation for the banks using the option based on a 5-year government bond yield, with the net present cost of recapitalisation for the banks using the option based on the 6-month government certificate yield over a period of 5 years ([20]).

Therefore the Norwegian authorities consider that, even though the 6-month government certificate yield today is lower than the 5-year government bond yield, the cost of recapitalisation for the banks over a 5-year period will be the same irrespective of which option is chosen.

5.4.1. The Hybrid Tier 1 security

The Hybrid Tier 1 security shall absorb losses after ordinary share capital (preference with respect to loss absorption). It is designed as a callable perpetual, with a fixed coupon determined as the Norwegian government bond rate, with the following add-on:

— 5,0 % for banks in risk class 1,

— 5,5 % for banks in risk class 2,

— 6,0 % for banks in risk class 3 ([21]).

In line with the ECB Recommendation, the minimum add-on element is calculated as the issuing bank's 5-year CDS spreads on subordinated debt over the reference period 1 January 2007 through 31 August 2008 plus 200 basis points for operational costs plus an additional 100 basis points to reflect the seniority of the hybrid in relation to subordinated debt. A mark-up is then applied for banks in risk classes 2 and 3.

The Norwegian authorities have indicated that Norges Bank has estimated the median spread on subordinated CDS contracts for DnB NOR ([22]), the only Norwegian bank for which CDS contracts are traded, at 100 basis points for the period 1 January 2007 to 31 August 2008 ([23]).

To stimulate redemption, the coupon is increased by 1 percentage point after each of years 4 and 5. The instrument will retain that higher fixed coupon until redemption. Redemption is conditional upon permission being granted by the Financial Supervisory Authority, which needs to verify that capital adequacy requirements will continue to be fulfilled after the redemption.

5.4.2. The Tier 1 preference capital instrument

The Tier 1 preference capital instrument shall rank *pari passu* (absorb losses in parallel) with ordinary shares. It may be called after 3 years. It is designed as a mandatory convertible and will convert to ordinary shares after 5 years, unless it is redeemed or converted before that. The instrument shall have a fixed coupon determined as the Norwegian government bond rate, with the following add-on:

— 6,0 % for banks in risk class 1,

— 6,5 % for banks in risk class 2,

— 7,0 % for banks in risk class 3 ([24]).

In line with the ECB Recommendation, the minimum add-on is established as 600 basis points (500 basis points equity risk premium and 100 basis points to cover operational costs). A mark-up is applied to banks in risk classes 2 and 3.

As noted above, the instrument may be called after 3 years. The method for calculating the redemption value shall be specified in the agreement with the bank and cannot be less than the par value ([25]). Early redemption shall for instance be stimulated by including in the agreement an increase of the redemption rate in the fourth and fifth year, making early redemption less expensive compared to late redemption.

In addition, the incentive to redeem, instead of allowing mandatory conversion to take place, shall be ensured by setting a conversion rate at the end of the 5-year period that is more favourable to the Fund than conversion at the then market price, and also more favourable to the Fund compared to a redemption before the end of year 5 (in other words the method adopted shall provide for significant dilution of existing shareholders).

The Norwegian authorities have explained that the Fund shall have a right to convert the instrument to ordinary shares/primary capital certificates if the preferred capital constitutes a significant portion of the bank's book equity. The Fund shall specify in the agreement with each individual bank what constitutes a significant portion. The significant portion threshold shall be no higher than 50 % ([26]).

The individual agreement may also include an option for the bank to convert the instrument to ordinary shares/primary capital certificates if 'own funds' have been written down

([20]) Based on the yield of 6-month government certificates purchased in the forward market.
([21]) Section 11 of the Regulation.
([22]) The Norwegian authorities have calculated this figure based on the sum of all spreads on regular senior bank bonds in relation to government bonds and the CDS spreads for subordinated loans relative to senior bank bonds.
([23]) In contrast, within the euro zone, the ECB has estimated the median of all A CDS subordinated debt spreads at 73 basis points.
([24]) Section 12 of the Regulation.
([25]) Section 13 of the Regulation.
([26]) Section 12 of the Regulation.

considerably (by more than 20 %). The method for calculating how many shares the Fund shall receive upon the conversion shall be specified in the agreement with the bank and shall ensure a reasonable relationship between the redemption value and potential gain, on the one hand, and conversion and potential loss on the other hand ([27]).

5.5. *Behavioural safeguards*

According to the Norwegian authorities, the scheme is supplemented by a number of behavioural safeguards.

The Fund shall make capital contributions conditional upon them being used in line with the aims of the scheme, and not being used contrary to the purpose thereof, and upon the bank refraining from exploiting the capital contribution in its marketing or for purposes of implementing aggressive commercial strategies ([28]).

Additional restrictions exist such as (i) a ban on increase of salaries and other benefits of managerial personnel until 31 December 2010; (ii) an almost complete ban on bonuses for the financial years 2009 and 2010 with a prohibition on paying out accrued bonuses thereafter; (iii) a prohibition on managerial personnel receiving shares or similar on favourable terms, and (iv) a prohibition on initiating new share option programmes or extending or renewing existing ones.

II. ASSESSMENT

1. The presence of State aid

Article 61(1) EEA reads as follows:

> 'Save as otherwise provided in this Agreement, any aid granted by EC Member States, EFTA States or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it affects trade between Contracting Parties, be incompatible with the functioning of this Agreement.'

To qualify as State aid, the measure must firstly be granted by the State or through state resources. The notified scheme consists of capital injections made by the Fund with resources from the national budget. For this purpose, a total budget of NOK 50 billion has been allocated to the Fund.

Further, the recapitalisation measures allow the beneficiaries to secure the required capital on more favourable conditions than would otherwise be possible in the light of the prevailing conditions in the financial markets. The Authority considers that, given the current difficulties on capital markets, the State is investing because no market economy operator would have been willing to invest on similar terms. Moreover, the notified measure is selective in that only fundamentally sound Norwegian banks and not any other financial institutions or other undertakings are eligible under scheme. This gives an economic advantage to the beneficiaries and strengthens their position compared to that of their competitors in Norway and in other EEA Member States and must therefore be regarded as distorting competition and affecting trade between Contracting Parties.

For these reasons, the Authority considers that the notified recapitalisation scheme constitutes State aid within the meaning of Article 61(1) EEA.

2. Procedural requirements

Pursuant to Article 1(3) of Part I of Protocol 3, 'the EFTA Surveillance Authority shall be informed, in sufficient time to enable it to submit its comments, of any plans to grant or alter aid (…). The State concerned shall not put its proposed measures into effect until the procedure has resulted in a final decision.'

By notifying the recapitalisation scheme on 28 April 2009, the Norwegian authorities complied with the notification requirement. They have committed not to implement the scheme until the Authority has approved the measure, thereby also complying with the standstill obligation.

The Authority can therefore conclude that the Norwegian authorities have respected their obligations pursuant to Article 1(3) of Part I of Protocol 3.

3. Compatibility of the aid

3.1. *Application of Article 61(3)(b) EEA and the Recapitalisation Guidelines*

Article 61(3)(b) EEA provides that 'aid to promote the execution of an important project of common European interest or to **remedy a serious disturbance in the economy** of an EC State or an EFTA State' (emphasis added) may be held compatible with the functioning of the EEA Agreement.

The Authority does not dispute the analysis of the Norwegian authorities that the current global financial crisis has restricted lending to the real economy on a national scale. Should this situation not be addressed, it would have a systemic effect on the Norwegian economy as a whole. The Authority therefore finds that the notified scheme aims at remedying a serious disturbance in the Norwegian economy.

Based on Article 61(3)(b) EEA, the Authority adopted in January 2009 the Recapitalisation Guidelines laying down the rules for the assessment of aid granted in the form of recapitalisation in the context of the current financial crisis. Accordingly, the Authority will assess the current notification on the basis of the provisions of the Recapitalisation Guidelines.

([27]) If the conversion rate were to be fixed as the average of the initial market price and the market price at conversion, the upside for the Fund should be secured through a corresponding increase in redemption value, providing for symmetry between downside risk and potential gain. If the conversion rate were to be fixed at the market price at the time of conversion, the Fund would not participate in losses in share value before conversion. In such a case the upside for the Fund should also be more limited.

([28]) Section 8 of the Regulation.

The Recapitalisation Guidelines provide that 'in the context of the current situation in the financial markets, the recapitalisation of banks can serve **a number of objectives**. First, recapitalisations contribute to the restoration of financial stability and help restore the confidence needed for the recovery of inter-bank lending. […] Second, recapitalisations can have as objective to ensure lending to the real economy' ([29]). Moreover 'banks must have sufficiently favourable terms of access to capital in order to make the recapitalisation as effective as necessary. On the other hand, the conditions tied to any recapitalisation measure should ensure a level playing field and, in the longer term, a return to normal market conditions. State interventions should therefore be **proportionate** and **temporary** and should be designed in a way that provides incentives for banks to redeem the State as soon as market circumstances permit (…). In all cases, EFTA States should ensure that any recapitalisation of a bank is **based on genuine need**' (emphasis added) ([30]).

The notified measures must therefore fulfil the following conditions:

— appropriateness (adequacy of the measure to meet the objectives set): the aid measure must be well targeted in order to effectively meet the aim of fostering financial stability and lending to the real economy,

— necessity: the aid measure must, in its amount and form, be necessary to achieve the stated objective ([31]),

— proportionality: the positive effects of the aid measure must be properly balanced against the distortions of competition, in order for the distortions to be limited to the minimum necessary to reach the measures' objectives.

3.2. *Appropriateness*

The Authority must firstly assess whether the measure proposed, i.e. state recapitalisation of fundamentally sound banks, is an appropriate measure to achieve the stated objectives of fostering financial stability and lending to the real economy

The Authority acknowledges that credit institutions may need extra capital in the present market circumstances in order to ensure a sufficient flow of credit to the entire economy, thereby counteracting a further deepening of the crisis. In addition, uncertainties as regards economic prospects have weakened trust in the long-term solidity of financial institutions. Recapitalisation of fundamentally sound banks should ensure that financial institutions are sufficiently strongly capitalised so as to better withstand potential losses and maintain normal lending activities.

([29]) Paragraphs 4 and 5 of the Recapitalisation Guidelines.

([30]) Paragraph 11 of the Recapitalisation Guidelines.

([31]) Case C-390/06 *Nuova Agricast* v *Ministero delle Attività Produttive,* judgment of 15 April 2008 (not yet reported), paragraph 68. The Court held that '[a]s it is clear from Case 730/79 […] aid which improves the financial situation of the recipient undertaking without being necessary for the attainment of the objectives specified in Article 87(3) EC cannot be considered compatible with the common market.'

The provision of capital to fundamentally sound banks can therefore be seen as an appropriate measure to ensure conditions favourable to lending to the real economy in line with the requirement of the Recapitalisation Guidelines.

3.3. *Necessity*

The aid measure must, in its amount and form, be necessary to achieve the stated objectives, having regard to the current exceptional circumstances. It may therefore be considered that only aid to fundamentally sound banks is necessary for the purposes of the stated objectives.

The Norwegian authorities envisage that the notified scheme will enter into force in May 2009 and be open for 6 months. A deadline for the submission of applications for a capital injection will be set 6 weeks prior to the expiry of the 6-month period (approximately end-September 2009).

In addition, the capital injections are intended to be temporary. Incentives to encourage the banks to repay the capital injected are embedded in the scheme and a number of significant behavioural constraints are imposed, further incentivising a return to normal market conditions.

By limiting the temporal scope of the scheme, the Authority considers that the Norwegian authorities have confined the potential State aid to the context of the current situation on financial markets and the serious disturbance presently existing in the Norwegian economy.

The Recapitalisation Guidelines underline the importance of the distinction between fundamentally sound, well-performing banks, and distressed, less-performing banks ([32]).

The Norwegian authorities have explained that only banks that are fundamentally sound are eligible to participate in the notified scheme. On the basis of the information provided by the banks when applying for the capital injection and on the basis of objective criteria (formal capital adequacy ratios, analysis of each bank's various risk exposures, asset quality, business prospects, etc.), the Norwegian Financial Supervisory Authority will exercise a 'gate-keeping' function and assess whether a bank is fundamentally sound. The scheme will only be open to banks that are found by the Financial Supervisory Authority to meet Tier 1 capital requirements 'with a good margin, also when likely developments in the near future are taken into consideration' ([33]).

It may therefore be concluded that the notified scheme respects the distinction operated in the Recapitalisation Guidelines and will not be used to recapitalise banks which are not fundamentally sound.

([32]) Paragraph 12 of the Recapitalisation Guidelines.

([33]) Section 2 of the Regulation.

EFTA States should ensure that any recapitalisation of a bank is based on genuine need [34]. In December 2008, Norges Bank carried out a stress test for the six largest Norwegian banks. The test replicated a negative scenario where the outcome was that banks would record losses amounting to on average 2,3 % of their risk-weighted assets. Norges Bank estimated the need for funds to recapitalise the 10 largest banks after the simulated negative developments at approximately NOK 34 billion. Based on those conclusions, the Norwegian authorities have estimated that NOK 50 billion will be sufficient to allow for an increase in the core capital of all Norwegian banks by on average 2,3 %. The budget of the scheme is therefore NOK 50 billion.

The level of capital injection proposed by the Norwegian authorities is thus related to the specific conditions on the Norwegian banking market. The Norwegian authorities have set maximum limits for increases in core capital ratios through capital injections from the Fund which are linked to the level of core capital existing in a bank prior to any state intervention. Thus banks with a core capital ratio below 7 % may apply for recapitalisation to bring them up to a core capital ratio of no more than 10 % [35]. Banks with a core capital ratio between 7 % and 10 % may be recapitalised by up to 3 percentage points, but not beyond a core capital ratio of 12 %. Banks with a core capital ratio above 10 % can only apply for a maximum core capital injection of up to 2 percentage points.

As noted above, the actual amount of any capital injection will be decided by the Fund and specified in the agreement with the individual applicant bank. In addition, priority will be given to applications from banks of systemic importance, thereby ensuring that the objective of restoring financial stability is also taken into account [36]. Furthermore, the Fund will require additional justification in relation to any application for a capital injection of more than 2 percentage points in order to verify the need for such a large capital injection.

Any cases in which a capital injection of more than 2 % has been made will be reported to the Authority.

The Fund will also require additional justification in relation to any application where the proposed injection will bring the core capital ratio of the applicant bank above 12 %. The Fund will therefore be in a position to verify the need, despite an already high level of capitalisation, for state intervention. The Authority notes that this situation concerns mainly small savings banks with limited ways of financing themselves. These banks represent a small part of the market (only 11 % of total bank assets) and are primarily active on local markets. If the specific need of the bank is not sufficiently justified, the Fund will reject its application.

Based on the foregoing considerations, the Authority concludes that the notified scheme is constructed in such a way as to ensure that any injection of capital is based on genuine need.

3.4. *Proportionality*

Finally, the Authority must assess whether capital injections are made on terms that minimise the amount of aid in order to limit the distortions of competition to the minimum necessary to achieve the stated objectives.

According to the Recapitalisation Guidelines, closeness of pricing to market prices is the best guarantee to limit competition distortions [37]. The recapitalisation should therefore be designed in a way that takes the market situation of each institution into account and provides an incentive for the bank to redeem the State as soon as possible. The following elements are therefore to be used when carrying out an assessment of the recapitalisation measures: objective of the recapitalisation, soundness of the beneficiary bank, remuneration, exit incentives, and safeguards against abuse of aid and distortion of competition.

The objective of the measure and the soundness of the banks have been examined above. An overall remuneration needs to adequately factor in the following elements:

— risk profile of the beneficiary,

— characteristics of the instrument chosen,

— exit incentives, and

— an appropriate benchmark risk-free rate of interest [38].

The Guidelines identify an appropriate method to determine the price of recapitalisations by reference to the methodology set out in the aforementioned ECB Recommendation. This methodology involves the calculation of a price corridor on the basis of different components with the lower bound identified as the required rate of return for subordinated debt and the upper bound set as the required rate of return for ordinary shares. Both the lower and upper bounds are composed of a combination of government bond yield and 'add-on' elements. The specific features of individual institutions and of EFTA States should be reflected when calculating the price corridor in a particular situation. The Authority will also accept alternative pricing methodologies, provided they lead to remunerations that are higher than the ECB methodology [39].

The required rate of return on subordinated debt is therefore calculated as the government bond yield plus the CDS spread of the issuing bank plus 200 basis points to cover operational costs and provide exit incentive. For other hybrid instruments

(34) Paragraph 11 of the Recapitalisation Guidelines.
(35) Since banks with a capital ratio below 6 % will generally not be eligible under the scheme, the maximum increase for banks in this category will be 4 percentage points. As mentioned in footnote 9 above, there are very few banks with a core capital level below 7 %.
(36) Section 2 of the Regulation.
(37) Paragraph 19 of the Recapitalisation Guidelines.
(38) Paragraph 23 of the Recapitalisation Guidelines.
(39) Paragraph 30 of the Recapitalisation Guidelines.

having economic features similar to subordinated debt, the higher degree of seniority of these instruments is reflected by including an additional 100 basis points.

The Norwegian authorities have identified the Hybrid Tier 1 security as falling within the above description and have calculated the remuneration on that instrument as the government bond yield plus 5,0 % for banks assigned to risk class 1 (the add-on is 5,5 % and 6,0 % for risk classes 2 and 3 respectively). They have indicated that Norges Bank has estimated the CDS spread of DnB NOR (the biggest Norwegian bank and the only one for which CDS data is available) at 100 basis points. Since the relevant data does not exist for the other Norwegian banks, the authorities have applied the same add-on for all banks. Applying the ECB methodology would therefore result in a minimum add-on of 400 basis points. As noted above, the minimum add-on under the notified scheme is 500 basis points, and it therefore complies with the Guidelines in this respect.

The required rate of return on ordinary shares is calculated as the government bond yield plus an equity risk premium of 500 basis points plus 100 basis points to cover operational costs and provide exit incentive. For other instruments having economic features similar to ordinary shares (including perpetual instruments which convert to ordinary shares), the required rate of return should be close to that for ordinary shares.

The Norwegian authorities have identified the Tier 1 preference capital instrument as falling within the above description and have calculated the remuneration on that instrument as the government bond yield plus 6,0 % for banks assigned to risk class 1 (the add-on is 6,5 % and 7,0 % for risk classes 2 and 3 respectively). Applying the ECB methodology would result in a minimum add-on of close to 600 basis points and it may therefore be concluded that the add-on for the preference capital instrument is in line with the Recapitalisation Guidelines.

The other element of the remuneration is the government bond yield ([40]). The notified scheme is based on the Norwegian government 5-year bond. However, the notified scheme also leaves applicant banks the option to tie remuneration to the 6-month government certificate. The Authority notes that, at present, the 6-month floating interest rate is approximately 1 percentage point lower than the 5-year fixed government bond rate. Thus, the remuneration would today be approximately 1 percentage point lower for a bank exercising the option of remuneration based on the 6-month floating rate.

The Norwegian authorities have argued that the two ways of pricing the capital injections are normally equivalent. They illustrate this by calculating the remuneration based on both the current 5-year Norwegian government bond rate and the net present cost of 6-month government certificates in the futures market for the 5-year period. This is based on the theory that parity between fixed and floating interest rates will be ensured over time.

Although the calculations are based on expectations and do not guarantee that the interest will always be the same as predicted, the Authority concludes that, on the basis of available data, it is likely that the remuneration tied to a 6-month government certificate will be within the price corridor established on the basis of the methodology described above. Moreover, the Authority has taken note of the fact that the add-on elements are above the minimum required under the Recapitalisation Guidelines.

Having dealt with the appropriate benchmark interest rate and the characteristics of the instruments on offer, the next element of remuneration to consider is the risk profile of the beneficiary.

As noted above the Fund shall assign each bank to one of three risk classes, based on objective criteria ([41]). The risk class will determine the coupon to be paid on the injected capital. Annex 1 to the Recapitalisation Guidelines gives more information on how the risk profile of the beneficiary is to be assessed and identifies capital adequacy, the size of the recapitalisation, current CDS spreads and the rating and outlook of the applicant bank as relevant indicators.

The Authority is of the opinion that the method of assessment by the Fund described above under Section I.5.3 above takes sufficient account of these various indicators and therefore leads to an appropriate classification of the applicant banks in terms of risk.

The Norwegian authorities have included an extra 50 basis points in the remuneration for banks in risk class 2 and an extra 100 basis points for those in risk class 3. The rationale for this has been explained as the difference observed between the credit spread of the subordinated debt of DnB NOR and that of other Norwegian banks as mark-ups to the estimated DnB NOR CDS spread. The spread between the lowest and highest yield was observed to be no greater than approximately 100 basis points and the add-ons for the medium and high risk classes were therefore set at 50 and 100 basis points respectively.

The final element of remuneration identified in the Guidelines are the exit incentives built into the scheme. In this respect, the Authority notes that remuneration on the Hybrid Tier 1 security (which may be redeemed at any time) is increased by 1 percentage point annually in each of years 4 and 5 and maintains that higher coupon until redemption. With respect to the Tier 1 preference capital instrument, redemption is only possible after 3 years have elapsed and at the end of the fifth year, the instrument is automatically converted into ordinary shares. However, it is stipulated in the Regulation that 1) redemption shall be at no less than par value and shall increase in years 4 and 5, and 2) conversion to shares at the end of year 5 shall be on such terms as to provide the bank with incentives to redeem the instrument before automatic conversion would take place. The Norwegian authorities have also indicated that, as an additional incentive for redemption,

([40]) This is defined in the ECB Recommendation as follows: 'the sum of (i) average yield on the EMU benchmark 5-year bond over the 20 business days prior to the capital injection, and (ii) the average sovereign yield spread for the country of domicile of the financial institution over the reference period 1 January 2007 through 31 August 2008'.

([41]) See footnote 17 above.

the conversion mechanism should also be more favourable to the Fund than a conversion at the then market price, thus requiring a significant dilution of existing shareholders.

The Authority considers that, taking all of these elements into account, the notified scheme provides for an overall level of remuneration in line with the principles laid down in the Recapitalisation Guidelines.

In addition to remuneration and exit incentives, the Recapitalisation Guidelines also refer to safeguards against abuse of aid and distortion of competition and require EFTA States to attach effective and enforceable national safeguards to recapitalisation which ensure that the injected capital is used to sustain lending to the real economy so that the objective of financing the real economy is effectively attained ([42]). The Authority notes in this respect that the notified scheme contains behavioural commitments imposed on the banks benefiting from a capital injection to ensure that the funds are not used for other purposes than to support lending to the real economy. Section 6 of the Regulation ensures that the Fund is regularly informed of the lending policy of beneficiary banks, Section 8 requires banks benefiting from a capital injection to commit to use it in line with the aims of the scheme, not contrary to the purpose thereof which is to foster lending to the real economy and Section 14 gives the Fund the power to take measures to ensure that the terms governing the capital injection are complied with.

Finally, the Authority notes that the Norwegian authorities do not have in place any other State aid measures aimed at the banking sector.

4. **Conclusion**

On the basis of the foregoing assessment, the Authority considers that the scheme for temporary recapitalisation of fundamentally sound banks in order to foster financial stability and lending to the real economy which the Norwegian authorities are planning to implement is compatible with the functioning of the EEA Agreement within the meaning of Article 61 EEA, read in conjunction with the Recapitalisation Guidelines.

The Norwegian authorities are reminded of the obligation resulting from Article 21 of Part II of Protocol 3, read in conjunction with Article 6 of Decision No 195/04/COL, to provide annual reports on the implementation of the scheme.

The Norwegian authorities are also reminded that all plans to modify this scheme must be notified to the Authority,

HAS ADOPTED THIS DECISION:

Article 1

The EFTA Surveillance Authority has decided not to raise objections to the scheme for temporary recapitalisation of fundamentally sound banks in order to foster financial stability and lending to the real economy on the basis of Article 61 EEA, read in conjunction with the Recapitalisation Guidelines.

Article 2

This Decision is addressed to the Kingdom of Norway.

Article 3

Only the English version is authentic.

Done at Brussels, 8 May 2009.

For the EFTA Surveillance Authority

Per SANDERUD
President

Kurt JÄGER
College Member

([42]) Paragraph 39 of the Recapitalisation Guidelines.

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