

# European social entrepreneurship funds

2011/0418(COD) - 17/04/2013 - Final act

**PURPOSE:** improve access to finance for SMEs through the establishment of a valid EU-wide passport for managers of European social entrepreneurship funds (EuSEF) relating to the marketing of their funds.

**LEGISLATIVE ACT:** Regulation (EU) No 346/2013 of the European Parliament and of the Council on European social entrepreneurship funds.

**CONTENT:** this Regulation lays down **uniform requirements and conditions** for managers of collective investment undertakings that wish to use the designation "**EuSEF**" in relation to the marketing of qualifying social entrepreneurship funds in the Union.

It also lays down uniform rules for:

- the **marketing** of qualifying social entrepreneurship funds to eligible investors across the Union,
- the **portfolio composition** of qualifying social entrepreneurship funds,
- the **eligible investment instruments and techniques** to be used by qualifying social entrepreneurship funds;
- **the organisation, conduct and transparency** of managers that market qualifying social entrepreneurship funds across the Union.

This Regulation applies to managers of collective investment undertakings whose assets under management in total **do not exceed the threshold referred to in [Directive 2011/61/EU](#)** on Alternative Investment Fund Managers.

Qualifying social entrepreneurship fund shall mean a collective investment undertaking that:

- intends to invest **at least 70%** of its aggregate capital contributions and uncalled committed capital in assets that are qualifying investments;
- does **not use more than 30%** of its aggregate capital contributions and uncalled committed capital for the acquisition of assets other than qualifying investments;
- is established within the territory of a Member State.

**Qualifying portfolio undertaking** shall mean an undertaking that has the achievement of **measurable, positive social impacts** as its primary objective in accordance with its articles of association, statutes or any other rules or instruments of incorporation establishing the business. It should be established within the territory of a Member State, or in a third country provided that the third country is not listed as a Non-Cooperative Country and Territory by the Financial Action Task Force on Anti-Money Laundering and Terrorist Financing.

The managers shall ensure that these **procedures are clear and transparent and include indicators** that may, depending on the social objective and nature of the qualifying portfolio undertaking, include one or more of the following subjects: (i) employment and labour markets; (ii) standards and rights related to job quality; (iii) social inclusion and protection of particular groups; (iv) equal treatment, equal opportunities and non-discrimination; (v) public health and safety; (vi) access to and effects on social protection and on health and educational systems.

Where a manager of a qualifying social entrepreneurship fund intends to **delegate functions to third parties**, the manager's liability towards the qualifying social entrepreneurship fund and the investors

therein should not be affected by such delegation of functions to a third party. Moreover, the manager should not delegate functions to the extent that, in essence, it can no longer be considered to be a manager of a qualifying social entrepreneurship fund and has become a **letter-box entity**.

**In order to ensure effective supervision** of the uniform requirements contained in this Regulation, the competent authority of the home Member State should supervise compliance of the manager of a qualifying social entrepreneurship fund with the uniform requirements set out in this Regulation. To that end, managers that intend to market their funds under the designation "EuSEF" should inform the **competent authority** of their home Member State of that intention. The competent authority should register the manager if all necessary information has been provided and if suitable arrangements to comply with the requirements of this Regulation are in place. Such registration should be **valid across the entire Union**.

**By 22 July 2015 and 22 July 2017** depending on the case, the Commission shall start a **review** including an assessment, inter alia, on : (i) the extent to which the designation "EuSEF" has been used ; (ii) the geographical and sectoral distribution of investments undertaken by the funds; (iii) the appropriateness of establishing a European label for "social enterprises".

It should be noted that this Regulation – adopted in parallel with the [Regulation on European venture capital funds](#) – forms part of [Single Market Act](#) to stimulate growth and job creation and of the [action plan to improve access to finance for SMEs](#).

**ENTRY INTO FORCE:** 15/05/2013. The Regulation shall apply from 22/07/2013 (with the exception of certain measures which are applicable from 15/05/2013).

**DELEGATED ACTS:** the Commission may adopt delegated acts in order to specify the requirements provided by this Regulation. The power to adopt these acts is conferred on the Commission for a period of **four years from 15 May 2013**. A delegated act shall enter into force only if no objection has been expressed either by the European Parliament or the Council within a period of **three months** of notification of that act (this delay may be extended by two months). If the European Parliament or the Council object, the delegated act shall not enter into force.