Basic information

2023/0315(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Directive	Awaiting Council's 1st reading position
European cross-border associations **Subject** 3.45.07 Social economy, mutual societies, cooperatives, associations 4.10.16 Social and community life, associations, foundations **Legislative priorities** Joint Declaration 2023-24	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
JURI Legal Affairs	LAGODINSKY Sergey (Greens/EFA)	18/11/2024
	Shadow rapporteur ABADÍA JOVER Maravillas (EPP) WOLTERS Lara (S&D) TOOM Jana (Renew) FURORE Mario (The Left)	

Former committee responsible	Former rapporteur	Appointed
JURI Legal Affairs	LAGODINSKY Sergey (Greens/EFA)	26/06/2023

Former committee for opinion	Former rapporteur for opinion	Appointed
IMCO Internal Market and Consumer Protection	Chair on behalf of committee CAVAZZINI Anna (Greens/EFA)	19/09/2023
LIBE Civil Liberties, Justice and Home Affairs	The committee decided not to give an opinion.	

Council of the European

Union	
European Commission	Commission DG: Internal Market, Industry, Entrepreneurship and SMEs — Commissioner: BRETON Thierry
European Economic and Social Committee	

Key events

Date	Event	Reference	Summary
05/09/2023	Legislative proposal published	COM(2023)0516	Summary
02/10/2023	Committee referral announced in Parliament, 1st reading		
13/02/2024	Vote in committee, 1st reading		
27/02/2024	Committee report tabled for plenary, 1st reading	A9-0062/2024	Summary
12/03/2024	Debate in Parliament		
13/03/2024	Decision by Parliament, 1st reading	T9-0147/2024	Summary
13/03/2024	Results of vote in Parliament		
13/11/2024	Resumption of business from the previous parliamentary term		

Technical information

Procedure reference	2023/0315(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Directive
Legal basis	Treaty on the Functioning of the European Union TFEU 114 Treaty on the Functioning of the European Union TFEU 050
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Awaiting Council's 1st reading position
Committee dossier	JURI/9/13154

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary
Committee draft report		PE756.270	21/11/2023	
Specific opinion	IMCO	PE754.738	07/12/2023	
Amendments tabled in committee		PE757.307	11/12/2023	

Committee report tabled for plenary, 1st reading/single reading		A9-0062/2024	27/02/2024	Summary
Text adopted by Parliament, 1st reading/single reading		T9-0147/2024	13/03/2024	Summary

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2023)0516	05/09/2023	Summary
Document attached to the procedure	SEC(2023)0306	05/09/2023	
Document attached to the procedure	SWD(2023)0292	05/09/2023	
Document attached to the procedure	SWD(2023)0293	05/09/2023	
Document attached to the procedure	SWD(2023)0294	05/09/2023	
Commission response to text adopted in plenary	SP(2024)350	22/07/2024	

National parliaments

Document type	Parliament /Chamber	Reference	Date	Summary
Contribution	IT_CHAMBER	COM(2023)0516	27/11/2023	
Contribution	CZ_SENATE	COM(2023)0516	04/12/2023	
Contribution	DE_BUNDESRAT	COM(2023)0516	04/12/2023	
Contribution	PT_PARLIAMENT	COM(2023)0516	20/12/2023	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES4411/2023	17/01/2024	

Additional information

Source	Document	Date
European Parliament	Briefing	27/05/2024
European Commission	EUR-Lex	

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency				
Name	Role	Committee	Date	Interest representatives
LAGODINSKY Sergey	Rapporteur	JURI	31/01/2024	Bundesarbeitsgemeinschaft der Freien Wohlfahrtspflege e.V.
LAGODINSKY Sergey	Rapporteur	JURI	17/11/2023	Deutscher Caritasverband e. V.

European cross-border associations

2023/0315(COD) - 27/02/2024 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Legal Affairs adopted the report by Sergey LAGODINSKY (Greens/EFA, DE) on the proposal for a directive of the European Parliament and of the Council on European cross-border associations.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Subject matter

The proposed Directive lays down measures coordinating the conditions for establishing and operating 'European cross-border associations' (ECBAs), in order to facilitate the effective exercise by non-profit associations of their rights related to the freedom of establishment, free movement of capital, freedom to provide and receive services and free movement of goods in the internal market.

Rules applicable to ECBAs

By one year after the entry into force of this Directive and following consultation of stakeholders, including non-profit associations, each Member State should identify the single most similar or most commonly used **legal form** of non-profit association in its domestic legal order and notify the Commission and the ECBA Committee thereof.

The constitution of an ECBA, including through conversions or mergers, as well as the transfer of an office should not be used to undermine workers' or trade union rights, representation, consultation or working conditions nor creditors rights, in accordance with applicable Union and national law as well as collective agreements.

Governance

The executive body of an ECBA should be composed of a minimum of three persons, of which at least two persons are natural persons that are Union citizens or legally resident in the Union, or legal entities with a non-profit purpose established in the Union, through their representatives.

Membership

The membership criteria of an ECBA should be regulated by its statutes. Moreover, Member States should ensure that each member of an ECBA has one vote, unless the ECBA decides to allow a differentiation including by making a distinction between full members who can vote and associate members who cannot vote. In all cases, any differentiation in voting rights shall be set out in the statutes.

Judicial review

Member States should ensure access to effective complaint mechanisms in accordance with national law.

Merger of existing non-profit entities into an ECBAs

The amended text included a new article stating that Member States should ensure that two or more existing non-profit entities that are legally established in on or more Member States, can merge into an ECBA where: (a) one or more non-profit entity, on being dissolved without going into liquidation, transfers all its assets and liabilities to another existing ECBA, being the acquiring ECBA; or (b) one or more non-profit entity, on being dissolved without going into liquidation, transfers all its or their assets and liabilities to an ECBA that it or they form, being the newly established ECBA.

Register

Each Member State should designate a national register and responsible public body, for the purposes of registration of ECBAs and should inform the Commission thereof.

Involuntary dissolution

Member States may provide for the involuntary dissolution of an ECBA only on the basis of one of the following reasons:

- a flagrant and repeated breach of the values of the Union through its activities;

- a conviction for a particularly serious criminal offence of the ECBA or of the members of its executive body committed in the name, on behalf or for the benefit of the ECBA;

- a conviction for a serious criminal offence of a member of the executive body for a particularly serious criminal offence committed after the creation of the ECBA where participation in the executive body by such person would constitute a threat to public order.

ECBA Committee

The Commission should be assisted by a Committee called the ECBA Committee. The Committee should monitor the implementation of this Directive and promote the exchange of information, experience and best practices as well as the coordination of policy approaches among national governments, competent authorities, and the Commission. The Commission should inform the Council and the European Parliament about the activities of the Committee on an annual basis.

European cross-border associations

2023/0315(COD) - 13/03/2024 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 490 votes to 69, with 64 abstentions, a legislative resolution on the proposal for a directive of the European Parliament and of the Council on European cross-border associations.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the proposal as follows:

Subject matter

The proposed Directive lays down measures coordinating the conditions for establishing and operating '**European cross-border associations**' (ECBAs), in order to facilitate the effective exercise by non-profit associations of their rights related to the freedom of establishment, free movement of capital, freedom to provide and receive services and free movement of goods in the internal market.

Members stated that in order to ensure that the socio-economic potential of non-profit associations and related entities and their contribution to the European integration is fully exploited, **all barriers, hindering the cross-border operation of their activities should be removed**.

Rules applicable to ECBAs

Member States should ensure that an ECBA shall carry out or have in its statute the objective to carry out activities in at least two Member States and have founding members with links to at least two Member States, either:

- based on citizenship or legal residence in the case of natural persons; or

- based on the location of their registered office in the case of legal entities.

By one year after the entry into force of this Directive and following consultation of stakeholders, including non-profit associations, each Member State should identify the single most similar or most commonly used **legal form of non-profit association** in its domestic legal order and notify the Commission and the ECBA Committee thereof.

The constitution of an ECBA, including through conversions or mergers, as well as the transfer of an office should not be used to undermine workers' or trade union rights, representation, consultation or working conditions nor creditors rights, in accordance with applicable Union and national law as well as collective agreements.

Legal personality

Member States should ensure that an ECBA has the right to at least conclude contracts and perform legal acts, be a party to legal proceedings, own movable and immovable property, carry out economic activities, employ staff, receive, solicit and dispose of donations and other funds, participate in public tenders, and apply for public funding. The ECBA should be allowed to do so without the need to register in any Member State other than the home Member State or to fulfil additional administrative requirements other than those required of the identified legal form.

Statutes

The statutes of an ECBA should be provided in writing and include the following information: (i) a detailed description of its objectives, a statement of its non-profit purpose and a description of its cross-border dimension; (ii) a declaration that the ECBA will respect the values of the Union.

Governance

The executive body of an ECBA should be composed of a minimum of three persons, of which at least two persons are natural persons that are Union citizens or legally resident in the Union, or legal entities with a non-profit purpose established in the Union, through their representatives.

Membership

The membership criteria of an ECBA should be regulated by its statutes. Moreover, Member States should ensure that each member of an ECBA has one vote, unless the ECBA decides to allow a differentiation including by making a distinction between full members who can vote and associate members who cannot vote. In all cases, any differentiation in voting rights shall be set out in the statutes.

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Register

Each Member State should designate a national register and responsible public body, for the purposes of registration of ECBAs and should inform the Commission thereof.

Involuntary dissolution

Member States may provide for the involuntary dissolution of an ECBA, provided that the dissolution is preceded by a risk assessment, that it is prescribed by law, appropriate for the attainment of the objective pursued, does not go beyond what is strictly necessary, and that the dissolution is proportionate to the objective pursued, and only on the basis of one of the following reasons:

- a serious threat to public order or public security;

- a flagrant and repeated breach of the values of the Union through its activities;

- a conviction for a particularly serious criminal offence of the ECBA or of the members of its executive body committed in the name, on behalf or for the benefit of the ECBA;

- a conviction for a serious criminal offence of a member of the executive body for a particularly serious criminal offence committed after the creation of the ECBA where participation in the executive body by such person would constitute a threat to public order.

ECBA Committee

The Commission should be assisted by a Committee called the ECBA Committee. The Committee should monitor the implementation of this Directive and promote the exchange of information, experience and best practices as well as the coordination of policy approaches among national governments, competent authorities, and the Commission. The Commission should inform the Council and the European Parliament about the activities of the Committee on an annual basis.

European cross-border associations

2023/0315(COD) - 05/09/2023 - Legislative proposal

PURPOSE: to remove barriers to the cross-border activities and cross-border mobility of non-profit associations in the internal market operating in more than one Member State.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the proposal stems from the European Parliament resolution of 17 February 2022 which provided recommendations to the Commission on a statute for European cross-border associations and non-profit organisations.

Non-profit associations represent the predominant legal form among non-profit organisations in the European Union, with an estimated number of **3.8 million** present in EU Member States. Non-profit associations are also the largest in number of the four legal forms traditionally encompassed by the social economy and are active in sectors with a societal impact such as healthcare, social services, social inclusion, culture, sports, research and development, education and training, contributing 2.9% to EU GDP.

Non-profit associations have a positive impact on ensuring social fairness and prosperity for EU citizens and they play a significant role for growth within the internal market. They need a **predictable legal framework** that allows them to seamlessly conduct their activities, including when conducting them across borders in the internal market.

Currently, non-profit associations and their activities are regulated by specific legislation in 24 Member States in a different manner, creating legal uncertainty and giving rise to different administrative procedures and requirements. Rules on formation, membership and governance impose different requirements. Rules differ also regarding access to capital and difficulties exist when it comes to access financial loans, credits and guarantees within credit institutions.

Not only does this heterogeneity undermine the proper functioning of the internal market, but it also negatively impacts the freedom of association, together with the freedom of expression and information, and, ultimately, hampers non-profit associations to unleash their full potential to generate economic and societal value in the EU.

CONTENT: the proposal for a directive lays down measures coordinating the conditions for establishing and operating "**European cross-border associations**" (ECBAs), with the aim of facilitating the effective exercise by non-profit associations of their rights related to the freedom of establishment, free movement of capital, freedom to provide and receive services and free movement of goods in the internal market.

More specifically, the proposal aims to:

- establish in each Member State a **new legal form of non-profit associations** specifically designed for cross-border purposes (the ECBA), next to existing national legal forms.

- allow **automatic recognition** of this new legal form across the Union once an ECBA is registered in one Member State, thanks to the 'ECBA certificate';

- lay down common rules for ECBAs concerning their statutes, governance and membership;

- lay down the rules on **ECBAs' mobility rights**. This concerns specifically the possibility for an ECBA to transfer its registered office without such transfer resulting in the dissolution of the concerned ECBA and the procedure for the transfer of an ECBA's registered office;

- provide for harmonised rules on transfer of registered office, thus allowing non-profit associations to reap the full benefit of the freedom of establishment and the freedom to provide services, goods, and capital in the Union;

- ensure the ECBA fully enjoys the benefits of the Internal Market regardless of the Member State of registration by having **free and non-discriminatory access to public funding** in each Member State it operates.

According to the Commission, the proposal should reduce launch costs as well as compliance costs for non-profit associations operating cross-border:

- the excess launch costs for new cross- border operation will be reduced by an estimate of EUR 2 150 per launch. Within the assessed 15-year time frame, this excess cost reduction could potentially amount up to **EUR 378 million**;

- the reduction of excess cost linked to cross-border operations (recurrent costs, e.g. administrative and compliance costs) is estimated at **EUR 770 million / year**. Within the assessed 15-year time frame, cost savings could potentially amount up to of EUR 8.5 billion.