

European cross-border associations

Responding to repeated calls from the European Parliament to propose common Union-wide rules to facilitate the cross-border activity of non-profit organisations (NPOs), the Commission has proposed a directive on European cross-border associations (ECBAs). Parliament is due to vote on the report on this proposal, submitted by its Committee on Legal Affairs (JURI), during its March plenary session.

Background

In [2013](#), Parliament called for the establishment of common EU rules for mutual societies and in [2018](#) for such rules for social and solidarity-based enterprises. In [February 2022](#), Parliament used its [right of indirect legislative initiative](#) ([Article 225](#) of the Treaty on the Functioning of the European Union – TFEU) to propose a regulation establishing a new EU-wide form of legal person – the European association.

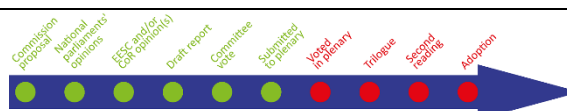
Commission proposal

In response to Parliament's initiative, the Commission proposed a [directive](#) on European cross-border associations (ECBAs) in September 2023, based on [Article 50 TFEU](#) (freedom of establishment) and [Article 114 TFEU](#) (internal market). The directive would require all Member States to create a new legal form (the ECBA) with membership open to EU citizens, EU residents and NPOs established in the EU. An ECBA would have a non-profit purpose and any profits could only be used for the pursuit of its objectives, and not be distributed among its members. ECBAs would be automatically recognised in all Member States and would benefit from a simplified procedure for transferring their seat from one EU country to another. An ECBA would have to be active in at least two Member States and have founding members from two Member States (based on nationality or legal residence for natural persons, or registered office for legal persons).

European Parliament position

On 13 February 2024, the JURI committee adopted its [report](#), supporting the proposal while making 139 amendments. In particular, JURI would add to the definition of an NPO the requirement that it be 'self-governed'. The definition of a 'particularly serious offence', preventing citizens from becoming executive board members or representatives of an ECBA, would have to be construed strictly by reference to the 32 offences in Article 2(2) of the [framework decision](#) on the European arrest warrant. Religious associations would also be able to assume the form of ECBAs. For questions on the establishment or operation of ECBAs, each Member State would be able to apply not only the rules applicable to the most similar legal form of an NPO, but also the rules of the most commonly used legal form for an NPO. Recourse to public policy to limit ECBAs' rights would have to be done on a case-by-case basis, with any exceptions to their rights to be interpreted strictly. It would be prohibited to use the transition to an ECBA to undermine workers' or trade unions' rights. The statutes of an ECBA would have to contain a pledge of respect for the European values listed in [Article 2](#) of the Treaty on European Union. The executive body of an ECBA would be composed of a minimum of three persons, at least two of them EU citizens or residents, or representatives of EU-established NPOs. 'Flagrant and repeated breaches' of EU values would be a reason for Member States to block an ECBA from receiving funding. A new article would lay down rules on mergers between ECBAs.

First-reading report: [2023/0315\(COD\)](#); Committee responsible: JURI; Rapporteur: Sergey Lagodinsky (Greens/EFA, Germany). For further information see the [Legislative Train Schedule](#).



[Outcome of the Conference on the Future of Europe](#): This proposal is relevant for measures 12(15); 25(2).

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