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Committee on Economic and Monetary Affairs

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AMENDMENTS

35 - 137

Draft report

Sophie Auconie

(PE483.704v01-00)

on the proposal for a regulation of the European Parliament and of the Council
on European Social Entrepreneurship Funds

Proposal for a regulation

(COM(2011)862 – C7-0489/2011 – 2011/0418(COD))

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Proposal for a regulation
Recital 1

Text proposed by the Commission

(1) Increasingly, as investors also pursue social goals and are not only seeking financial returns, a social investment market has been emerging in the Union, comprised in part by investment funds targeting social undertakings. Such investment funds provide funding to social undertakings which are acting as drivers of social change by offering innovative solutions to social problems and making a valuable contribution to meeting the objectives of the Europe 2020 Strategy.

Amendment

(1) Increasingly, as investors also pursue social goals and are not only seeking financial returns, a social investment market has been emerging in the Union, comprised in part by investment funds targeting social undertakings. Such investment funds provide funding to social undertakings which are acting as drivers of social change by offering innovative solutions to social problems and making a valuable contribution to meeting the objectives of the Europe 2020 Strategy, ***while taking into account the long-term challenges facing Member States of the Union, such as those identified in the European Strategy and Policy Analysis System's report, Global Trends 2030.***

Or. en

Justification

It is important to put this regulation in the context not only of EU 2020 objectives but also of longer term economic, social and political trends identified in the ESPAS 2030 report.

Amendment 36
Jürgen Klute

Proposal for a regulation
Recital 1

Text proposed by the Commission

(1) Increasingly, as investors also pursue social goals and are not only seeking financial returns, a social investment market has been emerging in the Union,

Amendment

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comprised in part by investment funds targeting social undertakings. Such investment funds ***provide funding to*** social undertakings which are acting as drivers of social change by offering innovative solutions to social problems and making a valuable contribution to meeting the objectives of the Europe 2020 Strategy.

comprised in part by investment funds targeting social undertakings. Such investment funds ***help fund*** social undertakings which are acting as drivers of social change by offering innovative solutions to social problems and making a valuable contribution to meeting the objectives of the Europe 2020 Strategy.

Or. de

Amendment 37

Jürgen Klute

Proposal for a regulation

Recital 1 a (new)

Text proposed by the Commission

Amendment

(1 a) The responsibility for funding social undertakings which carry out public functions lies - regardless of private contributions via funds - with the public sector. Funding via funds should not lead to social undertakings downgrading their social objectives in favour of other objectives. Social undertakings financially supported by European Social Entrepreneurship Funds (EuSEFs) should therefore not be allowed to distribute profits.

Or. de

Amendment 38

Syed Kamall

Proposal for a regulation

Recital 5

Text proposed by the Commission

Amendment

(5) In order to clarify the relationship between this Regulation and generally

(5) In order to clarify the relationship between this Regulation and generally

applicable Union rules on collective investment undertakings and their managers, it is necessary to establish that this Regulation should only apply to managers of collective investment undertakings other than UCITS in accordance with Article 1 of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations, and administrative provisions, relating to undertakings for collective investment in transferable securities (UCITS) and who are established in the Union and are registered with the competent authority in their home Member State in accordance with Directive 2011/61/EC of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010. Furthermore, this Regulation should only apply to managers who manage portfolios of EuSEFs whose assets under management in total do not exceed a threshold of EUR 500 million. In order to make the calculation of this threshold operational, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of specifying the calculation of this threshold. When exercising this empowerment, the Commission should, in order to ensure consistency in rules on collective investment undertakings, take into account measures adopted by the Commission in accordance with point (a) of Article 3 (6) of Directive 2011/61/EC.

applicable Union rules on collective investment undertakings and their managers, it is necessary to establish that this Regulation should only apply to managers of collective investment undertakings other than UCITS in accordance with Article 1 of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations, and administrative provisions, relating to undertakings for collective investment in transferable securities (UCITS) and who are established in the Union and are registered with the competent authority in their home Member State in accordance with Directive 2011/61/EC of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010. Furthermore, this Regulation should only apply to managers who manage portfolios of EuSEFs whose assets under management in total do not exceed a threshold of EUR 500 million, ***irrespective of whether such qualifying assets, together with other non-qualifying assets, managed by a manager, exceed EUR 500 million.*** In order to make the calculation of this threshold operational, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of specifying the calculation of this threshold. When exercising this empowerment, the Commission should, in order to ensure consistency in rules on collective investment undertakings, take into account measures adopted by the Commission in accordance with point (a) of Article 3 (6) of Directive 2011/61/EC.

Or. en

Amendment 39
Olle Schmidt

Proposal for a regulation
Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) While the EuSEF can play an important role in furthering social entrepreneurship, and even though safeguards are included to ascertain that funds are properly used, there is a risk that EuSEFs can be used for unintended purposes. Supervisory authorities should be vigilant in this regard and a review should be made to ascertain that any such potential loopholes are closed.

Or. en

Amendment 40
Olle Schmidt

Proposal for a regulation
Recital 7

Text proposed by the Commission

Amendment

(7) This Regulation should establish uniform rules on the nature of EuSEFs, notably on the portfolio undertakings into which the EuSEFs are to be permitted to invest, and the investment instruments to be used. In order to ensure the necessary clarity and certainty this Regulation should also lay down uniform criteria to identify social undertakings as eligible qualifying portfolio undertakings. Social undertakings have the achievement of positive social impact as their principle objective rather than maximising their profits. Therefore, this Regulation should require that a qualifying portfolio undertaking should have the achievement of a measurable and positive social impact as its focus; that it

(7) This Regulation should establish uniform rules on the nature of EuSEFs, notably on the portfolio undertakings into which the EuSEFs are to be permitted to invest, and the investment instruments to be used. In order to ensure the necessary clarity and certainty ***and in order to avoid any abuse of the EuSEF regime by non-qualifying investment funds,*** this Regulation should also lay down uniform criteria to identify social undertakings as eligible qualifying portfolio undertakings. Social undertakings have the achievement of positive social impact as their principle objective rather than maximising their profits. Therefore, this Regulation should require that a qualifying portfolio

uses its profits to achieve its primary objective and that it be managed in an accountable and transparent way. For the, in general, exceptional cases, in which a qualifying portfolio undertaking wishes to distribute profits to shareholders and owners, the qualifying portfolio undertaking should have predefined procedures and rules on how profits are distributed to shareholders and owners. Those rules should specify that distribution of profits does not undermine the primary social objective.

undertaking should have the achievement of a measurable and positive social impact as its focus; that it uses its profits to achieve its primary objective and that it be managed in an accountable and transparent way. For the, in general, exceptional cases, in which a qualifying portfolio undertaking wishes to distribute profits to shareholders and owners, the qualifying portfolio undertaking should have predefined procedures and rules on how profits are distributed to shareholders and owners. Those rules should specify that distribution of profits does not undermine the primary social objective.

Or. en

Amendment 41

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Recital 7

Text proposed by the Commission

(7) This Regulation should establish uniform rules on the nature of EuSEFs, notably on the portfolio undertakings into which the EuSEFs are to be permitted to invest, and the investment instruments to be used. In order to ensure the necessary clarity and certainty this Regulation should also lay down uniform criteria to identify social undertakings as eligible qualifying portfolio undertakings. Social undertakings have the achievement of positive social impact as their principle objective rather than maximising their profits. Therefore, this Regulation should require that a qualifying portfolio undertaking should have the achievement of a measurable and positive social impact **as its focus**; that it uses its profits to achieve its primary objective and that it be managed in an

Amendment

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accountable and transparent way. For the, in general, exceptional cases, in which a qualifying portfolio undertaking wishes to distribute profits to shareholders and owners, the qualifying portfolio undertaking should have predefined procedures and rules on how profits are distributed to shareholders and owners. Those rules should specify that distribution of profits does not undermine the primary social objective.

assessment guidelines of the Commission and of the European Economic and Social Committee; that it uses its profits to achieve its primary objective and that it be managed in an accountable and transparent way. For the, in general, exceptional cases, in which a qualifying portfolio undertaking wishes to distribute profits to shareholders and owners, the qualifying portfolio undertaking should have predefined procedures and rules on how profits are distributed to shareholders and owners. Those rules should specify that distribution of profits does not undermine the primary social objective.

Or. en

Justification

It is important, for the purposes of objectivity and coherent policy in the social area, that the social impact of EuSEFs be measured in a way that is consistent with Commission and European Economic and Social Committee guidelines on assessing social impact

Amendment 42 **Saïd El Khadraoui**

Proposal for a regulation **Recital 8**

Text proposed by the Commission

(8) Social ***undertakings include a large range of undertakings, taking various legal forms, that provide social services or goods to vulnerable or marginalised persons***. Such services include access to housing, healthcare, assistance for elderly or disabled persons, child care, access to employment and training as well as dependency management. Social undertakings also include undertakings that employ a method of production of goods or services with a social objective, but whose activities may be outside the realm of the

Amendment

(8) ***A social undertaking is an enterprise the primary objective of which is to achieve social impact rather than generate profit for owners and shareholders. It operates in the market through the production of goods and services in an entrepreneurial and innovative way, and uses surpluses mainly to achieve social goals. It is managed in an accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activity.*** Such services include

provision of social goods or services. Those activities include social and professional integration by means of access to employment for people disadvantaged in particular by insufficient qualifications or social or professional problems leading to exclusion and marginalisation.

access to housing, healthcare, assistance for elderly or disabled persons, child care, access to employment and training as well as dependency management. Social undertakings also include undertakings that employ a method of production of goods or services with a social objective, but whose activities may be outside the realm of the provision of social goods or services. Those activities include social and professional integration by means of access to employment for people disadvantaged in particular by insufficient qualifications or social or professional problems leading to exclusion and marginalisation.

Or. en

Amendment 43
Gunnar Hökmark

Proposal for a regulation
Recital 8

Text proposed by the Commission

(8) Social undertakings include a large range of undertakings, taking various legal forms, that provide social services or goods to vulnerable or marginalised persons. Such services include access to housing, healthcare, assistance for elderly or disabled persons, child care, access to employment and training as well as dependency management. Social undertakings also include undertakings that employ a method of production of goods or services with a social objective, but whose activities may be outside the realm of the provision of social goods or services. Those activities include social and professional integration by means of access to employment for people disadvantaged in particular by insufficient qualifications or social or professional problems leading to

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(8) Social undertakings include a large range of undertakings, taking various legal forms that provide social services or goods to vulnerable or marginalised persons. Such services include access to housing, healthcare, assistance for elderly or disabled persons, child care, access to employment and training as well as dependency management. Social undertakings also include undertakings that employ a method of production of goods or services with a social objective, but whose activities may be outside the realm of the provision of social goods or services. Those activities include social and professional integration by means of access to employment for people disadvantaged in particular by insufficient qualifications or social or professional problems leading to exclusion and marginalisation. ***A further***

exclusion and marginalisation.

benefit would be the increased plurality of providers of those services which would foster development and new ideas on how best to organise the work and enhancing the quality of the social services provided.

Or. en

Amendment 44

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Recital 8

Text proposed by the Commission

(8) Social undertakings include a large range of undertakings, taking various legal forms, that provide social services or goods to vulnerable or marginalised persons. Such services include access to housing, healthcare, assistance for elderly or disabled persons, child care, access to employment and training as well as dependency management. Social undertakings also include undertakings that employ a method of production of goods or services with a social objective, but whose activities may be outside the realm of the provision of social goods or services. Those activities include social and professional integration by means of access to employment for people disadvantaged in particular by insufficient qualifications or social or professional problems leading to exclusion and marginalisation.

Amendment

(8) Social undertakings include a large range of undertakings, taking various legal forms, that provide social services or goods to vulnerable or marginalised persons. Such services include **combating poverty**, access to housing, healthcare, assistance for elderly or disabled persons, child care, access to employment and training as well as dependency management. Social undertakings also include undertakings that employ a method of production of goods or services with a social objective, but whose activities may be outside the realm of the provision of social goods or services. Those activities include social and professional integration by means of access to employment for people disadvantaged in particular by insufficient qualifications or social or professional problems leading to exclusion and marginalisation.

Or. en

Justification

Poverty is clearly a major driver of social exclusion and other social ills

Amendment 45

Rosa Estaràs Ferragut, Veronica Lope Fontagné, Pablo Zalba Bidegain

Proposal for a regulation

Recital 9

Text proposed by the Commission

(9) Taking into account the specific funding needs of social undertakings, it is necessary to achieve clarity regarding the types of instruments a EuSEF should use for such funding. Therefore, this Regulation should lay down uniform rules on the eligible instruments to be used by a EuSEF when making investments, which include equity instruments, debt instruments, investments into other EuSEFs and short and medium term loans.

Amendment

(9) Taking into account the specific funding needs of social undertakings, it is necessary to achieve clarity regarding the types of instruments a EuSEF should use for such funding. Therefore, this Regulation should lay down uniform rules on the eligible instruments to be used by a EuSEF when making investments, which include equity instruments, debt instruments, investments into other EuSEFs and short and medium term loans. ***The EuSEF should facilitate long-term investment in social businesses, which require stable financing to have an impact on society, given that investments intended to have a social impact generally take longer to bear fruit than those designed uniquely to yield financial returns;***

Or. es

Amendment 46

Olle Schmidt

Proposal for a regulation

Recital 9

Text proposed by the Commission

(9) Taking into account the specific funding needs of social undertakings, it is necessary to achieve clarity regarding the types of instruments a EuSEF should use for such funding. Therefore, this Regulation should lay down uniform rules on the eligible instruments to be used by a EuSEF when making investments, which

Amendment

(9) Taking into account the specific funding needs of social undertakings, it is necessary to achieve clarity regarding the types of instruments a EuSEF should use for such funding. Therefore, this Regulation should lay down uniform rules on the eligible instruments to be used by a EuSEF when making investments, which

include equity instruments, debt instruments, investments into other EuSEFs and short and medium term loans.

include equity instruments, debt instruments, investments into other EuSEFs and short and medium term loans *as well as grants*.

Or. en

Justification

Grants will be a necessary component when it comes to financing capacity building at the social enterprise itself.

Amendment 47
Saïd El Khadraoui

Proposal for a regulation
Recital 9 a (new)

Text proposed by the Commission

Amendment

(9a) By their nature, EuSEFs do not participate in systemically important banking activities outside the usual prudential regulatory framework (so-called 'shadow banking'). Neither do they follow typical private equity strategies, such as leveraged buyouts, since their core focus is instead on providing finance to social undertakings through primary investments. This Regulation therefore focuses on allowing such typical core activities of EuSEFs. It follows that activities such as 'shadow banking' and leveraged buyouts are not permitted.

Or. en

Amendment 48
Saïd El Khadraoui

Proposal for a regulation
Recital 15 a (new)

(15a) Where a EuSEF manager intends to delegate functions to third parties, the manager's liability towards the EuSEF and its investors should not be affected by the fact that the EuSEF manager has delegated functions to a third party. Moreover, the EuSEF manager should not delegate functions to the extent that, in essence, it can no longer be considered to be the EuSEF manager and has become a letter-box entity. The EuSEF manager should remain responsible for the proper performance of delegated functions and compliance with this Regulation at all time. The delegation of functions should not undermine the effectiveness of supervision of the EuSEF manager, and, in particular, should not prevent the EuSEF manager from acting, or the EuSEF from being managed, in the best interests of its investors.

Or. en

Amendment 49

Jürgen Klute

Proposal for a regulation

Recital 21

(21) 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 EuSEF manager with the uniform requirements set out in this Regulation. To this effect, the EuSEF manager who wishes to market his funds under the designation "European Social Entrepreneurship Fund" should inform the competent authority of his home

(21) 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 EuSEF manager with the uniform requirements set out in this Regulation. To this effect, the EuSEF manager who wishes to market his funds under the designation "European Social Entrepreneurship Fund" should inform the competent authority of his home

Member State of this intention. The competent authority should **register** the fund manager if all necessary information has been provided and if there are suitable arrangements to comply with the requirements of this Regulation are in place. This **registration** should be valid across the entire Union.

Member State of this intention. The competent authority should **license** the fund manager if all necessary information has been provided and if there are suitable arrangements to comply with the requirements of this Regulation are in place. This **licence** should be valid across the entire Union. ***The Commission should be empowered to adopt, under Article 290 of the Treaty on the Functioning of the European Union, legislation regarding the establishment of criteria for licensing.***

(The first part of this amendment applies throughout the text; the adoption of the amendment will render necessary adjustments throughout the text.)

Or. de

Amendment 50

Olle Schmidt

Proposal for a regulation

Recital 21

Text proposed by the Commission

(21) 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 EuSEF manager with the uniform requirements set out in this Regulation. To this effect, the EuSEF manager who wishes to market his funds under the designation ‘European Social Entrepreneurship Fund’ should inform the competent authority of his home Member State of this intention. The competent authority should register the fund manager if all necessary information has been provided and if there are suitable arrangements to comply with the requirements of this Regulation are in

Amendment

(21) 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 EuSEF manager with the uniform requirements set out in this Regulation. To this effect, the EuSEF manager who wishes to market his funds under the designation ‘European Social Entrepreneurship Fund’ should inform the competent authority of his home Member State of this intention. The competent authority should register **and authorise** the fund manager if all necessary information has been provided and if there are suitable arrangements to comply with the requirements of this Regulation are in

place. ***This*** registration should be valid across the entire Union.

place. ***The*** registration ***and authorisation*** should be valid across the entire Union.

(This amendment applies throughout the text. Adopting it will necessitate corresponding changes throughout with the exception of the provisions relating to Directive 2011/61/EU.)

Or. en

Amendment 51
Sophie Auconie

Proposal for a regulation
Recital 24 a (new)

Text proposed by the Commission

Amendment

(24 a) The ESMA and the competent authorities in Member States should be responsible for informing investors, investment fund managers and companies of the existence of the EuSEF.

Or. fr

Amendment 52
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 2 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

For investments by EuSEFs in qualifying portfolio undertakings relating to social housing and other sectors with social relevance, with a high investment intensity, a higher threshold may be established on a case-by-case basis.

Or. en

Justification

Amendment suggested by the European Network of Cities and Regions for the Social Economy to allow flexibility in the case of certain types of positive social impact but higher capital intensity undertakings

Amendment 53

Astrid Lulling

Proposal for a regulation

Article 2 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. European Social Entrepreneurship Fund managers that are registered under this Regulation may additionally manage UCITS subject to authorisation under Directive 2009/65/EC provided that they are external managers.

Or. en

Justification

The amendment allows for managers that manage AIFs under the AIFMD and UCITS under the UCITS directive to manage as well EuSEFs. It thereby reflects the text of the Council compromise of 21 March.

Amendment 54

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 2 – paragraph 3

Text proposed by the Commission

Amendment

3. The Commission shall be empowered to adopt delegated acts in accordance with Article 24 specifying the methods for calculating the ***threshold*** as referred in paragraph 1 of this Article and for monitoring compliance with this threshold

3. The Commission shall be empowered to adopt delegated acts in accordance with Article 24 specifying the methods for calculating the ***appropriate thresholds*** as referred in paragraph 1 of this Article and for monitoring compliance with this

on an ongoing basis.

threshold on an ongoing basis.

Or. en

Justification

Required to provide objective criteria for higher thresholds related to the amendment suggested by the European Network of Cities and Regions for the Social Economy to allow flexibility in the case of certain types of positive social impact but higher capital intensity undertakings

Amendment 55 Olle Schmidt

Proposal for a regulation Article 3 – paragraph 1 – point a

Text proposed by the Commission

(a) ‘European Social Entrepreneurship Fund’ (EuSEF) means a collective investment undertaking that invests at least **70 percent** of its aggregate capital contributions **and uncalled committed capital** in assets that are qualifying investments;

Amendment

(a) ‘European Social Entrepreneurship Fund’ (EuSEF) means a collective investment undertaking that invests at least **50 %** of its aggregate capital contributions in assets that are qualifying investments; ***The limit shall be calculated on the basis of amounts investible after deduction of all relevant costs by a deadline, laid down in the constituting documents of the EuSEF. Fees, charges and expenses which are directly or indirectly borne by investors and which are agreed between the manager of, and the investors in, the EuSEFs shall be considered to be relevant costs.***

Or. en

Justification

Limiting investor's choice will increase risk. The diversification of investment significantly contributes to lowering of risk as well as provides the EuSEF with flexibility in choice of structuring the investments into EuSEFs so they cater for the specific needs of each the societal undertaking. Having a minimum target of 50% of investable amounts invested in qualifying investments should achieve this balance while ensuring that long-term funding is

made available for EuSEF.

Amendment 56
Syed Kamall

Proposal for a regulation
Article 3 – paragraph 1 – point a

Text proposed by the Commission

(a) ‘European Social Entrepreneurship Fund’ (EuSEF) means a collective investment undertaking that invests at least 70 percent of its aggregate capital contributions ***and uncalled committed capital*** in assets that are qualifying investments;

Amendment

(a) ‘European Social Entrepreneurship Fund’ (EuSEF) means a collective investment undertaking that invests at least 70 percent of its aggregate capital contributions in assets that are qualifying investments;

Or. en

Justification

This is necessary to ensure that any new committed capital does not automatically cause a EuSEF to be in breach of the agreed thresholds.

Amendment 57
Säïd El Khadraoui

Proposal for a regulation
Article 3 – paragraph 1 – point a

Text proposed by the Commission

(a) ‘European Social Entrepreneurship Fund’ (EuSEF) means a collective investment undertaking that invests at least ***70 percent*** of its aggregate capital contributions and uncalled committed capital in assets that are qualifying investments;

Amendment

(a) ‘European Social Entrepreneurship Fund’ (EuSEF) means a collective investment undertaking that invests ***over the whole investing period*** at least ***on a rolling average of 70*** of its aggregate capital contributions and uncalled committed capital in assets that are qualifying investments;

Or. en

Amendment 58
Sari Essayah

Proposal for a regulation
Article 3 – paragraph 1 – point a

Text proposed by the Commission

(a) 'European Social Entrepreneurship Fund' (EuSEF) means a collective investment undertaking that invests ***at least 70 percent*** of its aggregate capital contributions and uncalled committed capital in assets ***that are*** qualifying investments;

Amendment

(a) 'European Social Entrepreneurship Fund' (EuSEF) means a collective investment undertaking that invests ***less than 30 percent*** of its aggregate capital contributions and uncalled committed capital in assets ***other than*** qualifying investments;

Or. fi

Justification

The 70% limit referred to in the Commission proposal does not take into account the Fund's expenses and fees structures, so that it is clearer to define the limit by taking the opposite approach.

Amendment 59
Sophie Auconie

Proposal for a regulation
Article 3 – paragraph 1 – point a

Text proposed by the Commission

(a) 'European Social Entrepreneurship Fund' (EuSEF) means a collective investment undertaking that invests at least 70 percent of its aggregate capital contributions ***and uncalled committed capital*** in assets that are qualifying investments;

Amendment

(a) 'European Social Entrepreneurship Fund' (EuSEF) means a collective investment undertaking that invests ***an average of*** at least 70 percent of its aggregate ***called*** capital contributions in assets that are qualifying investments ***over a maximum period of five years***;

Or. fr

Justification

The method for calculating this 70 percent threshold needs to be made clear.

Amendment 60

Ramon Tremosa i Balcells

Proposal for a regulation

Article 3 – paragraph 1 – point a

Text proposed by the Commission

(a) ‘European Social Entrepreneurship Fund’ (EuSEF) means a collective investment undertaking that invests at least *70 percent* of its aggregate capital contributions and uncalled committed capital in assets that are qualifying investments;

Amendment

(a) ‘European Social Entrepreneurship Fund’ (EuSEF) means a collective investment undertaking that invests at least *70 %* of its aggregate capital contributions and uncalled committed capital in assets that are qualifying investments ***and that invests the remaining 30% of its aggregate capital in accordance with principles of social responsible behaviour;***

Or. en

Amendment 61

Olle Schmidt

Proposal for a regulation

Article 3 – paragraph 1 – point c – point ii

Text proposed by the Commission

(ii) securitised and un-securitised debt instruments, issued by a qualifying portfolio undertaking;

Amendment

(ii) securitised and un-securitised debt instruments, issued by a qualifying portfolio undertaking ***and shareholder loans;***

Or. en

Amendment 62

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 3 – paragraph 1 – point c – point v

Text proposed by the Commission

(v) any other type of participation in a qualifying portfolio undertaking.

Amendment

(v) any other type of participation in a qualifying portfolio undertaking. ***In the case of debt or loans referred to in points (ii) and (iv), interest shall be set at a level that does not undermine the achievement of the primary social objective of the qualifying portfolio undertaking by limiting the reinvestment of profits.***

Or. en

Justification

while social enterprises should be able to use debt instruments, this provision prevents interest charges interfering with the achievement of its primary social objective.

Amendment 63

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 3 – paragraph 1 – point d – introductory part

Text proposed by the Commission

(d) ‘qualifying portfolio undertaking’ means an undertaking that, at the time of an investment by the EuSEF, is not listed on a regulated market as defined in point (14) of Article 4 (1) of Directive 2004/39/EC, ***which*** either has an annual turnover not exceeding EUR 50 million, or an annual balance sheet total not exceeding EUR 43 million, ***which is not itself a collective investment undertaking and which:***

Amendment

(d) ‘qualifying portfolio undertaking’ means an undertaking ***which is not itself a collective investment undertaking and*** that, at the time of an investment by the EuSEF, is not listed on a regulated market as defined in point (14) of Article 4 (1) of Directive 2004/39/EC ***which, except in the case of undertakings dealing with social housing and other sectors with social relevance having a high investment intensity,*** either has an annual turnover not exceeding EUR 50 million, or an annual balance sheet total not exceeding EUR 43 million:

Justification

Amendment suggested by the European Network of Cities and Regions for the Social Economy to allow flexibility in the case of certain types of positive social impact but higher capital intensity undertakings

Amendment 64

Rosa Estaràs Ferragut, Veronica Lope Fontagné, Pablo Zalba Bidegain

Proposal for a regulation

Article 3 – paragraph 1 – point d – introductory part

Text proposed by the Commission

(d) 'qualifying portfolio undertaking' means an undertaking that, at the time of an investment by the EuSEF, is not listed on a regulated market as defined in point (14) of Article 4 (1) of Directive 2004/39/EC, which either has an annual turnover not exceeding EUR 50 million, or an annual balance sheet total not exceeding EUR 43 million, which is not itself a collective investment undertaking and which:

Amendment

(d) 'qualifying portfolio undertaking', ***given the wide variety of legal forms that such undertakings may take from Member State to Member State***, means an undertaking that, at the time of an investment by the EuSEF, is not listed on a regulated market as defined in point (14) of Article 4 (1) of Directive 2004/39/EC, which either has an annual turnover not exceeding EUR 50 million, or an annual balance sheet total not exceeding EUR 43 million, which is not itself a collective investment undertaking and which:

Or. es

Amendment 65

Syed Kamall

Proposal for a regulation

Article 3 – paragraph 1 – point d – point i – indent 1

Text proposed by the Commission

– the undertaking provides services or goods to vulnerable ***or*** marginalised persons; ***or***

Amendment

– the undertaking provides services or goods to vulnerable, marginalised, ***disadvantaged or excluded*** persons

Amendment 66

Rosa Estaràs Ferragut, Veronica Lope Fontagné, Pablo Zalba Bidegain

Proposal for a regulation

Article 3 – paragraph 1 – point d – point i – indent 1

Text proposed by the Commission

– the undertaking provides services or goods to vulnerable **or** marginalised persons; or

Amendment

– the undertaking provides services or goods to vulnerable, marginalised **or disabled** persons; or

Or. es

Amendment 67

Syed Kamall

Proposal for a regulation

Article 3 – paragraph 1 – point d – point i – indent 1 a (new)

Text proposed by the Commission

Amendment

- the undertaking provides goods and services in a manner which advances its social or environmental objective,

Or. en

Amendment 68

Olle Schmidt

Proposal for a regulation

Article 3 – paragraph 1 – point d – point i – indent 2

Text proposed by the Commission

– the undertaking employs a method of production of goods or services that **embodies its social objective;**

Amendment

– the undertaking employs a method of production of goods or services that **aims at achieving a positive societal impact;**

Amendment 69
Sophie Auconie

Proposal for a regulation
Article 3 – paragraph 1 – point d – point i – indent 2

Text proposed by the Commission

– the undertaking employs a method of production of goods or services that embodies its social objective;

Amendment

– the undertaking employs a method of production of goods or services that embodies its social objective; **or**

Or. fr

Amendment 70
Sophie Auconie

Proposal for a regulation
Article 3 – paragraph 1 – point d – point i – indent 2 a (new)

Text proposed by the Commission

Amendment

- the undertaking finances and supports economic initiatives which create jobs and foster solidarity;

Or. fr

Justification

Socially responsible financiers should be made eligible.

Amendment 71
Jürgen Klute

Proposal for a regulation
Article 3 – paragraph 1 – point d – point ii

Text proposed by the Commission

ii) uses its profits to achieve its **primary** objective instead of distributing profits **and has in place predefined procedures and rules for any circumstances in which profits are distributed to shareholders and owners;**

Amendment

ii) uses its profits **wholly** to achieve its **social** objective **or objectives**, instead of distributing profits;

Or. de

Amendment 72

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 3 – paragraph 1 – point d – point ii

Text proposed by the Commission

(ii) uses its profits to achieve its primary objective instead of distributing profits and has in place predefined procedures and rules for any circumstances in which profits are distributed to shareholders and owners;

Amendment

(ii) uses its profits to achieve its primary objective instead of distributing profits and has in place predefined procedures and rules for any **exceptional** circumstances in which profits are distributed to shareholders and owners, **which ensure that any distribution of profits does not undermine the primary objective;**

Or. en

Justification

Aligns the provision with the objective set out in Recital 8.

Amendment 73

Olle Schmidt

Proposal for a regulation

Article 3 – paragraph 1 – point d – point ii

Text proposed by the Commission

(ii) uses its profits to achieve its **primary objective** instead of distributing profits and has in place predefined procedures and rules for any circumstances in which profits are distributed to shareholders and owners;

Amendment

(ii) uses its profits to achieve its **targeted societal impact** instead of distributing profits and has in place predefined procedures and rules for any circumstances in which profits are distributed to shareholders and owners;

Or. en

Amendment 74
Saïd El Khadraoui

Proposal for a regulation
Article 3 – paragraph k a (new)

Text proposed by the Commission

Amendment

(ka) 'social enterprise' means an enterprise whose primary objective is to achieve social impact rather than generate profit for its owners and shareholders, operating in the market through the production of goods and services in an entrepreneurial and innovative way, using surpluses mainly to achieve social goals, and being managed in an accountable and transparent way, in particular by involving workers, customers and stakeholders affected by its business activities.

Or. en

Amendment 75
Syed Kamall

Proposal for a regulation
Article 3 – paragraph 2

Text proposed by the Commission

2. The Commission shall be empowered to adopt delegated acts in accordance with Article 24 specifying ***the types*** of services or goods and the methods of production of services or goods that embody a social objective referred to in point (i) of paragraph 1 (d) of this Article taking into account the different kinds of qualifying portfolio undertakings and those circumstances in which profits can be distributed to owners and investors.

Amendment

2. The Commission shall be empowered to adopt delegated acts in accordance with Article 24 specifying ***examples*** of services or goods and the methods of production of services or goods that embody a social objective referred to in point (i) of paragraph 1 (d) of this Article taking into account the different kinds of qualifying portfolio undertakings and those circumstances in which profits can be distributed to owners and investors.

Or. en

Amendment 76

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 3 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. The Commission shall be empowered to adopt delegated acts in accordance with Article 24 specifying the criteria for identifying qualifying portfolio undertakings dealing with social housing and other sectors with social relevance having a high investment intensity and the appropriate thresholds for turnover and balance sheet total to be used for the purposes of paragraph 1(d).

Or. en

Justification

Required to provide objective criteria for higher thresholds related to the amendment suggested by the European Network of Cities and Regions for the Social Economy to allow flexibility in the case of certain types of positive social impact but higher investment intensity undertakings

Amendment 77
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 3 a (new)

Text proposed by the Commission

Amendment

Article 3a

1. The social impact in the Union of qualifying portfolio undertakings shall be assessed in a manner consistent with Union social policy regarding at least the following:

- (a) employment and labour markets;***
- (b) standards and rights relating to job quality;***
- (c) social inclusion and protection of particular groups;***
- (d) equality of treatment and opportunities, non-discrimination;***
- (e) private and family life, personal data;***
- (f) governance, participation, good administration, access to justice, media and ethics;***
- (g) public health and safety;***
- (h) crime, terrorism and security;***
- (i) access to and effects on social protection, health and educational systems;***
- (j) art and culture;***
- (k) intercultural understanding;***
- (l) preservation of the natural environment,***
- (m) animal welfare***

In addition, the assessment shall take into account social impacts in third countries.

2. The Commission shall be empowered to

adopt delegated acts in accordance with Article 24 further specifying:

(a) the detailed criteria for quantitative and qualitative measures of the social impact of a qualifying portfolio undertaking on the dimensions referred to in paragraph 2;

(b) the methodology for combining the measures referred to in point (a) to derive an overall measure of the social impact of a qualifying portfolio undertaking.

Or. en

Justification

Since the aim of the regulation is to promote measurable social impact, it is important to provide objective criteria in the regulation. These criteria must be consistent with overarching social objectives of the Union. a) to i) are dimensions for assessment taken from http://ec.europa.eu/governance/impact/commission_guidelines/docs/iag_2009_en.pdf - the 2009 Commission Guidelines on Impact Assessments

Amendment 78
Astrid Lulling

Proposal for a regulation
Article 4 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

Managers of collective investment undertakings that manage portfolios of EuSEFs the total assets under management of which exceed the threshold referred to in Article 2(1) of this Regulation and that are subject to Directive 2011/61/EC may opt into the regime created by this Regulation and may use the designation "European Social Entrepreneurship Funds" in relation to the marketing of EuSEFs across the Union, provided that they comply with Articles 3, 5, 6, 9, Article 12(2) and Article 13 (c), (d) and (e) of this

Regulation.

Or. en

Justification

The amendment allows for managers exceeding the EUR 500 million threshold to use the EuSEF label for their funds while at the same time continuing to be subject to the AIFMD. Indeed, as the label is based on the qualifying portfolio of the fund, it would be hard to understand why such qualifying funds would be denied the label.

Amendment 79

Olle Schmidt

Proposal for a regulation

Article 4 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

EuSEF managers subject to authorisation in accordance with Article 6 of Directive 2011/61/EC or who opt into such authorisation under Article 3(4) thereof shall also be entitled to use the designation "European Social Entrepreneurship Fund" in relation to the marketing of EuSEFs across the Union, provided that they comply with Articles 3, 5, 6, 9, Article 12(2) and Article 13(c), (d) and (e) of this Regulation.

Or. en

Justification

Both existing funds or managers that are already above the Euro 500 million threshold, and smaller funds or managers that are successful and grow in size to above that threshold, and which therefore fall to be authorised under the AIFMD, should be allowed to use the label EuSEF, provided they comply with those provisions in the Regulation that are not subsumed by the more detailed AIFMD requirements.

Amendment 80

Olle Schmidt

Proposal for a regulation
Article 5 – paragraph 1

Text proposed by the Commission

1. EuSEF managers shall ensure that, when acquiring assets other than qualifying investments no more than **30 percent** of the EuSEF's aggregate capital contributions and ***uncalled committed capital*** is used for the acquisition of assets other than qualifying investments; short term holdings in cash and cash equivalents shall not be taken into account for calculating this limit.

Amendment

1. EuSEF managers shall ensure that, when acquiring assets other than qualifying investments no more than **50 %** of the EuSEF's aggregate capital contributions and is used for the acquisition of assets other than qualifying investments; short term holdings in cash and cash equivalents shall not be taken into account for calculating this limit. ***The limit shall be calculated on the basis of amounts investible after deduction of all relevant costs and within a time laid down in the constituting documents of the qualifying EuSEF. Fees, charges and expenses which are directly or indirectly borne by investors and which are agreed between the manager of, and the investors in, the EuSEFs should be considered to be relevant costs.***

Or. en

Justification

Limiting investor's choice will increase risk. The diversification of investment significantly contributes to lowering of risk as well as provides the EuSEF with flexibility in choice of structuring the investments into EuSEFs so they cater for the specific needs of each the societal undertaking. Having a minimum target of 50% of investable amounts invested in qualifying investments should achieve this balance while ensuring that long-term funding is made available for EuSEF.

Amendment 81
Sophie Auconie

Proposal for a regulation
Article 5 – paragraph 1

Text proposed by the Commission

1. EuSEF managers shall ensure that, when acquiring assets other than qualifying investments no more than 30 percent of the EuSEF's aggregate capital contributions **and uncalled committed capital** is used for the acquisition of assets other than qualifying investments; short term holdings in cash and cash equivalents shall not be taken into account for calculating this limit.

Amendment

1. EuSEF managers shall ensure that, when acquiring assets other than qualifying investments **an average of** no more than 30 percent of the EuSEF's aggregate capital contributions is used for the acquisition of assets other than qualifying investments **over a maximum period of five years**; short term holdings in cash and cash equivalents shall not be taken into account for calculating this limit.

Or. fr

Justification

The method for calculating this 30 percent threshold needs to be made clear.

Amendment 82

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 5 – paragraph 1 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

Such investments shall be limited to transferable securities of high liquidity and credit quality.

Or. en

Justification

Allowing investments other than high credit quality and liquidity admits the possibility of using the 30% of investments not in qualifying portfolio undertakings to generate higher but riskier returns.

Amendment 83

Syed Kamall

Proposal for a regulation
Article 5 – paragraph 2

Text proposed by the Commission

2. EuSEF managers shall not borrow, issue debt obligations, ***provide guarantees, at the level of the EuSEF***, nor employ any method, at the level of the EuSEF, by which the exposure of the fund will be increased, whether through borrowing of cash or securities, the engagement into derivative positions or by any other means.

Amendment

2. EuSEF managers shall not borrow, issue debt obligations, nor employ any method, at the level of the EuSEF, by which the exposure of the fund will be increased, whether through borrowing of cash or securities, the engagement into derivative positions or by any other means.

Or. en

Amendment 84
Astrid Lulling

Proposal for a regulation
Article 5 – paragraph 2

Text proposed by the Commission

2. EuSEF managers shall not borrow, ***issue debt obligations, provide guarantees***, at the level of the EuSEF, nor employ any method, at the level of the EuSEF, by which the exposure of the fund will be increased, whether through borrowing of cash or securities, the engagement into derivative positions or by any other means.

Amendment

2. EuSEF managers shall not borrow at the level of the EuSEF, nor employ any method, at the level of the EuSEF, by which the exposure of the fund will be increased, whether through borrowing of cash or securities, the engagement into derivative positions or by any other means.

Or. en

Justification

EuSEFs should be allowed to issue guarantees as those are commonly used tools to support social entrepreneurs. Indeed guarantees are not more risky than direct investments when limited, covered by cash and subject to risk diversification rules. Furthermore, debt obligations should be a means to raise money from investors as this is a feature that is commonly required by certain types of social investors.

Amendment 85
Olle Schmidt

Proposal for a regulation
Article 5 – paragraph 2

Text proposed by the Commission

2. EuSEF managers shall not borrow, issue debt obligations, provide guarantees, at the level of the EuSEF, nor employ any method, at the level of the EuSEF, by which the exposure of the fund will be increased, whether through borrowing of cash or securities, the engagement into derivative positions or by any other means.

Amendment

2. EuSEF managers shall not borrow, issue debt obligations, provide guarantees at the level of the EuSEF ***which are not covered by uncalled commitments***, nor employ any method, at the level of the EuSEF, by which the exposure of the fund will be increased, whether through borrowing of cash or securities, the engagement into derivative positions or by any other means.

Or. en

Amendment 86
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 5 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. By way of derogation from Article 2, EuSEF managers may borrow from regional, Member State or Union-level development agencies which have a mandate to provide such funding for the promotion of social entrepreneurship.

Or. en

Justification

Institutions such as the EIB are covered by the definition of "professional investors" and can therefore buy units in EuSEFs. This amendment also allows them to invest in the form of debt instruments to further increase the possibilities for channelling development funds through EuSEFs.

Amendment 87
Syed Kamall

Proposal for a regulation
Article 5 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. Without prejudice to other Union law and subject to risk diversification rules and cash guarantees being in place, the EuSEF may also be entitled to act as guarantor to portfolio undertakings.

Or. en

Justification

This will ensure that a EUSEF, when necessary, can act as guarantor only if covered with cash and subject to risk diversification rules.

Amendment 88
Astrid Lulling

Proposal for a regulation
Article 5 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. Without prejudice to other Union law, the EuSEF may also be entitled to funding from its investors through a combination of capital and debt instruments.

Or. en

Amendment 89
Saïd El Khadraoui

Proposal for a regulation
Article 6 – paragraph 1

EuSEF managers shall market the units and shares of the EuSEFs under management exclusively to investors which are considered to be professional clients in accordance of Section I of Annex II of Directive 2004/39/EC, or may, on request, be treated as professional clients in accordance with Section II of Annex II of Directive 2004/39/EC, or to other investors **where:**

(a) those other investors commit to invest a minimum of **EUR 100.000;**

(b) those other investors state in writing, in a separate document from the contract that is concluded for the commitment to invest, that they are aware of the risks associated with the envisaged commitment;

(c) the EuSEF manager undertakes an assessment of the expertise, experience and knowledge of the investor, without presuming that the investor has the market knowledge and experience of those listed in Section I of Annex II of Directive 2004/39/EC;

(d) the EuSEF manager is reasonably assured, in light of the nature of the commitment envisaged, that the investor is capable of making his own investment decisions and understanding the risks involved, and that a commitment of this kind is appropriate for such an investor;

(e) the EuSEF manager confirms in writing that he has undertaken the assessment referred to in point (c) and has reached the conclusion referred to in

EuSEF managers shall market the units and shares of the EuSEFs under management exclusively to investors which are considered to be professional clients in accordance of Section I of Annex II of Directive 2004/39/EC, or may, on request, be treated as professional clients in accordance with Section II of Annex II of Directive 2004/39/EC, or to other investors.

Those other investors **shall** commit to invest a minimum of **EUR 50 000. The fund manager shall provide key investor information (KII) in the form of a simple document setting out key facts to investors in a clear and understandable manner, in order to assist investors in making an informed investment decision.**

point (d).

Or. en

Amendment 90
Syed Kamall

Proposal for a regulation
Article 6 – paragraph 1 – introductory part

Text proposed by the Commission

EuSEF managers shall market the units and shares of the EuSEFs under management exclusively to investors ***which are considered*** to be professional clients in accordance of Section I of Annex II of Directive 2004/39/EC, or may, on request, be treated as professional clients in accordance with Section II of Annex II of Directive 2004/39/EC, or to other investors where:

Amendment

EuSEF managers shall market the units and shares of the EuSEFs under management exclusively to investors ***whom they reasonably believe*** to be professional clients in accordance of Section I of Annex II of Directive 2004/39/EC, or may, on request, be treated as professional clients in accordance with Section II of Annex II of Directive 2004/39/EC, or to other investors where:

Or. en

Justification

This will ensure that a EUSEF manager who carries out due diligence on a potential investor and as a result reasonably believes they qualify but subsequently discovers do not, has not committed a breach.

Amendment 91
Syed Kamall

Proposal for a regulation
Article 6 – paragraph 1 – point a

Text proposed by the Commission

(a) those other investors commit to invest a minimum of ***EUR 100.000;***

Amendment

(a) those other investors commit to invest a minimum of ***EUR 50 000;***

Or. en

Amendment 92
Olle Schmidt

Proposal for a regulation
Article 6 – paragraph 1 – point a

Text proposed by the Commission

Amendment

(a) those other investors commit to invest a minimum of **EUR 100.000**;

(a) those other investors commit to invest a minimum of **EUR 50 000**;

Or. en

Justification

In order support more investments this amount should be lowered.

Amendment 93
Krišjānis Kariņš

Proposal for a regulation
Article 6 – paragraph 1 – point a

Text proposed by the Commission

Amendment

(a) those other investors commit to invest a minimum of **EUR 100.000**;

(a) those other investors commit to invest a minimum of **EUR 50 000**;

Or. lv

Amendment 94
Sari Essayah

Proposal for a regulation
Article 6 – paragraph 1 – point a

Text proposed by the Commission

Amendment

(a) those other investors commit to invest a minimum of **EUR 100.000**;

(a) those other investors commit to invest a minimum of **EUR 50 000**;

Amendment 95

Ramon Tremosa i Balcells

Proposal for a regulation

Article 6 – paragraph 1 – point a

Text proposed by the Commission

(a) those other investors commit to invest a minimum of **EUR 100.000**;

Amendment

(a) those other investors commit to invest a minimum of **EUR 30 000**;

Or. en

Amendment 96

Astrid Lulling

Proposal for a regulation

Article 6 a (new)

Text proposed by the Commission

Amendment

Article 6 a

Without the prejudice of other Union law, Member States may allow EuSEF managers to market to retail investors in their territory units or shares of EuSEFs they manage in accordance with this Regulation.

In such cases, Member States may impose stricter requirements on the EuSEF manager or the EuSEF than the requirement applicable to the EuSEFs marketed to professional clients in accordance with this Regulation. However, Member States shall not impose stricter or additional requirements on EuSEFs established in another Member State and marketed on a cross-border basis than EuSEFs marketed domestically.

Justification

Allows the distribution to retail investors under a regime that is identical to the one established by article 43 of the AIFMD.

Amendment 97

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 6 a (new)

Text proposed by the Commission

Amendment

Article 6 a

1. EuSEF managers shall not charge fees that are higher than twice the interest on an appropriate sovereign bond index. There shall be a component of such fees that is linked to the performance measured against the social impact of the qualifying portfolio undertakings in accordance with Article 3a.

2. The Commission shall be empowered to adopt delegated acts in accordance with Article 24 specifying the details of the appropriate sovereign bond index and the method for calculating the performance measure referred to in paragraph 1.

Or. en

Justification

fees should be generally lower to maximise the amount of investor's money available for investment in social enterprise and there should be a component linked to achievement of the desired positive social impact.

Amendment 98

Olle Schmidt

Proposal for a regulation
Article 6 a (new)

Text proposed by the Commission

Amendment

Article 6a

Without prejudice to other Union law, Member States may allow EuSEF managers to market specially designated EuSEFs to retail investors on their territory. In such cases, Member States may, as provided for in Article 43 in Directive 2011/61/EU, impose stricter requirements on the EuSEF manager or the specially designated EuSEF.

Or. en

Justification

It should remain for individual Member States to decide whether vehicles with similar investments and investment strategies should be made available to the retail market within their own jurisdiction. The same investor protection requirements should in that case be applied as in the AIFM Directive.

Amendment 99
Saïd El Khadraoui

Proposal for a regulation
Article 7 – paragraph 1 – point c

Text proposed by the Commission

Amendment

(c) conduct ***of*** their business activities so as to promote the best interests of the EuSEFs they manage, the investors in those EuSEFs, and the integrity of the market;

(c) conduct their business activities so as to promote the best interests of the EuSEFs they manage, the investors in those EuSEFs ***they manage*** and the integrity of the market; ***treat the investors equally***;

Or. en

Amendment 100

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 7 – paragraph 1 – point c

Text proposed by the Commission

(c) conduct of their business activities so as to promote the best interests of the EuSEFs they manage, the investors in those EuSEFs, and the integrity of the market;

Amendment

(c) conduct of their business activities so as to promote the ***positive social impact of the qualifying portfolio undertakings invested in, the*** best interests of the EuSEFs they manage, the investors in those EuSEFs, and the integrity of the market;

Or. en

Justification

EuSEF managers should put the achievement of positive social impact first

Amendment 101

Olle Schmidt

Proposal for a regulation

Article 7 – paragraph 1 – point d

Text proposed by the Commission

(d) apply a ***high*** level of diligence in the selection and ongoing monitoring of investments in qualifying portfolio undertakings;

Amendment

(d) apply a ***appropriate and proportional*** level of diligence in the selection and ongoing monitoring of investments in qualifying portfolio undertakings;

Or. en

Amendment 102

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 7 – paragraph 1 – point d

Text proposed by the Commission

(d) apply a high level of diligence in the selection and ongoing monitoring of investments in qualifying portfolio undertakings;

Amendment

(d) apply a high level of diligence in the selection and ongoing monitoring of investments in qualifying portfolio undertakings ***and their positive social impact***;

Or. en

Amendment 103

Rosa Estaràs Ferragut, Veronica Lope Fontagné, Pablo Zalba Bidegain

Proposal for a regulation

Article 7 – paragraph 1 – point e a (new)

Text proposed by the Commission

Amendment

(e a) pay due attention to issues of social impact (such as disability) by incorporating them into investment criteria, tools for analysis and investment procedures;

Or. es

Amendment 104

Rosa Estaràs Ferragut, Veronica Lope Fontagné, Pablo Zalba Bidegain

Proposal for a regulation

Article 9 – paragraph 1

Text proposed by the Commission

Amendment

1. EuSEF managers shall employ for each EuSEF they manage procedures to measure and monitor the extent to which the qualifying portfolio undertakings, in which the EuSEF invests, achieve the positive social impact that they are committed to.

1. EuSEF managers shall employ for each EuSEF they manage procedures, ***which may be approved with the involvement of social economy organisations***, to measure and monitor the extent to which the qualifying portfolio undertakings, in which the EuSEF invests, achieve the positive social impact that they are committed to.

Amendment 105

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 9 – paragraph 1

Text proposed by the Commission

1. EuSEF managers shall employ for each EuSEF they manage procedures to measure and monitor the extent to which the qualifying portfolio undertakings, in which the EuSEF invests, achieve the positive social impact that they are committed to.

Amendment

1. EuSEF managers shall employ for each EuSEF they manage procedures to measure and monitor the extent to which the qualifying portfolio undertakings, in which the EuSEF invests, achieve the positive social impact that they are committed to ***in accordance with Article 3a.***

Or. en

Amendment 106

Ramon Tremosa i Balcells

Proposal for a regulation

Article 9 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

1a. A common European framework shall be put in place in order to harmonise standards on the evaluation of social impact

Or. en

Amendment 107

Krišjānis Kariņš

Proposal for a regulation

Article 10 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

The competent authority shall monitor compliance with the requirements of paragraph 1 of this article.

Or. lv

Amendment 108
Jean-Paul Gauzès

Proposal for a regulation
Article 10 a (new)

Text proposed by the Commission

Amendment

Article 10 a

Depository

- 1. For each EuSEF it manages, the EuSEF manager shall ensure that a single depository is appointed in accordance with this Article.***
- 2. The depository shall be eligible to be a depository under Article 21(3) of Directive 2011/61/EU and Article 23(3) of the Directive 2009/65/EC.***
- 3. The depository shall be established in the Member State where the EuSEF manager or the EuSEF is located.***
- 4. In order to avoid conflicts of interest between the depository, the EuSEF manager and/or the EuSEF and/or its investors a EuSEF manager shall not act as depository. The depository shall act honestly, fairly professionally, independently and in the interest of the EuSEF and its investors. It shall not carry out activities which could generate conflicts of interests unless it has functionally and hierarchically separated its depository tasks from the potentially conflicting tasks.***

4. The depositary shall be responsible for the cash monitoring function and shall ensure on an ex-post basis that the EuSEF's cash flows are properly monitored and that all payments made by or on behalf of investors upon the subscription of units or shares of a EuSEF have been received. The depositary shall also ensure that all cash belonging to the EuSEF has been booked in cash accounts opened in its name or in the name of the fund manager acting on behalf of the EuSEF or in the name of the depositary

5. The depositary shall be responsible for the safekeeping function and:

(a) provide, at any time, a comprehensive and up-to-date inventory of the EuSEF's assets for which it possesses sufficient and reliable information of the ownership right of the EuSEF;

(b) where relevant, ensure that all those financial instruments that can be registered in a financial instruments account opened in the depositary's books are registered in the depositary's books within segregated accounts in accordance with the principles set out in Article 16 of Directive 2006/73/EC, opened in the name of the EuSEF or the EuSEF manager acting on behalf of the EuSEF, so that they can be clearly identified as belonging to the EuSEF in accordance with the applicable law at all times.

The depositary may delegate safekeeping functions to third parties. When appointing a third party, the depositary shall ensure the third party has the structure and expertise to perform the tasks. In particular, for custody tasks, the third party shall be subject to effective prudential regulation, including minimum capital requirements, and supervision in the jurisdiction concerned.

6. The depositary shall be liable to the EuSEF and its investors of any loss

suffered as a result of negligence or intentional failure.

7. In addition to the functions described in paragraphs 4 and 5, the depositary shall verify on an ex-post basis that the investments of the EuSEF are carried out in accordance with EuSEF investment rules.

Or. en

Amendment 109

Syed Kamall

Proposal for a regulation

Article 12 – paragraph 1

Text proposed by the Commission

1. EuSEF managers shall make available an annual report to the competent authority of the home Member State for each EuSEF under management no later than 6 months following the end of the financial year. The report shall describe the composition of the portfolio of the EuSEF and the activities of the past year. It shall contain the audited financial accounts for the EuSEF. It shall be produced in accordance with existing reporting standards and the terms agreed between the EuSEF manager and the investors. EuSEF managers shall provide the report to investors on request. EuSEF managers and investors may agree additional disclosures amongst themselves.

Amendment

1. EuSEF managers shall make available an annual report to the competent authority of the home Member State for each EuSEF under management no later than 6 months following the end of the financial year. The report shall describe the composition of the portfolio of the EuSEF and the activities of the past year. It shall contain the audited financial accounts for the EuSEF. It shall ***confirm that money and assets are held in the name of the fund and that the EuSEF manager has established and maintained adequate records and controls in respect of the use of any mandate or control over the money and assets of the EuSEF and its investors.*** It shall be produced in accordance with existing reporting standards and the terms agreed between the EuSEF manager and the investors. EuSEF managers shall provide the report to investors on request. EuSEF managers and investors may agree additional disclosures amongst themselves.

Or. en

Amendment 110

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 12 – paragraph 2 – point a

Text proposed by the Commission

(a) details, as appropriate, of the overall social outcomes achieved by the investment policy and the method used to measure these outcomes;

Amendment

(a) details, as appropriate, of the overall social outcomes achieved by the investment policy and the method used to measure these outcomes ***in accordance with Article 3a;***

Or. en

Amendment 111

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 12 – paragraph 2 – point d a (new)

Text proposed by the Commission

Amendment

(da) detailed information on nature and purpose of the investments other than qualifying portfolio investments referred to in Article 4(1).

Or. en

Justification

It is important that there is full transparency on the up to 30% of funds not invested in social enterprises

Amendment 112

Olle Schmidt

Proposal for a regulation
Article 13 – paragraph 1 – point c

Text proposed by the Commission

(c) the positive social impact being targeted by the investment policy of the EuSEF, including where relevant, projections of such outcomes as may be reasonable, and information on past performance in this area;

Amendment

(c) the positive social impact being targeted by the investment policy of the EuSEF, including where relevant, projections of such outcomes as may be reasonable, and information on ***the impact measurement criteria/methodology to be applied to each respective investment and, where available,*** past performance in this area;

Or. en

Amendment 113
Saïd El Khadraoui

Proposal for a regulation
Article 13 – paragraph 1 – point c

Text proposed by the Commission

(c) the positive social impact being targeted by the investment policy of the EuSEF, including where relevant, projections of such outcomes as may be reasonable, and information on past performance in this area;

Amendment

(c) the positive social impact being targeted by the investment policy of the EuSEF ***based on objective measurable indicators,*** including where relevant, projections of such outcomes as may be reasonable, and information on past performance in this area;

Or. en

Amendment 114
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 13 – paragraph 1 – point d

Text proposed by the Commission

(d) the methodologies to be used to measure social impacts;

Amendment

(d) the ***specific*** methodologies to be used to measure social impacts ***in accordance with Article 3a***;

Or. en

Amendment 115

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 13 – paragraph 1 – point e

Text proposed by the Commission

(e) ***a description*** of the assets other than qualifying portfolio undertakings and the process and the criteria which are used for selecting these assets unless they are cash or cash equivalents;

Amendment

(e) ***detailed information on the nature and purpose*** of the assets other than qualifying portfolio undertakings and the process and the criteria which are used for selecting these assets unless they are cash or cash equivalents;

Or. en

Justification

It is important that there is full transparency on the up to 30% of funds not invested in social enterprises

Amendment 116

Saïd El Khadraoui

Proposal for a regulation

Article 13 – paragraph 1 – point i

Text proposed by the Commission

(i) a description of how the remuneration of the EuSEF manager is calculated;

Amendment

(i) a description of how the remuneration of the EuSEF manager is calculated ***as well as a disclosure of the profits of the***

venture capital fund;

Or. en

Amendment 117

Olle Schmidt

Proposal for a regulation

Article 13 – paragraph 1 – point i

Text proposed by the Commission

(i) a description of how the remuneration of the EuSEF manager is calculated;

Amendment

(i) ***where relevant***, a description of how the remuneration of the EuSEF manager is calculated;

Or. en

Amendment 118

Ramon Tremosa i Balcells

Proposal for a regulation

Article 13 – paragraph 1 – point k a (new)

Text proposed by the Commission

Amendment

(ka) the support of experienced professionals in the field;

Or. en

Amendment 119

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 13 – paragraph 4 – point b a (new)

Text proposed by the Commission

Amendment

(ba) the principles to be applied in the design of methods used for the valuation

of qualifying portfolio undertakings as referred to in paragraph 1(g).

Or. en

Amendment 120

Olle Schmidt

Proposal for a regulation

Article 13 a (new)

Text proposed by the Commission

Amendment

Article 13a

For each EuSEF that it manages the EuSEF manager shall ensure that a third party is entrusted with the task of verifying ownership of the assets of the qualifying EuSEF, and that the third party maintains a record of the assets of the qualifying EuSEF.

Or. en

Amendment 121

Rosa Estaràs Ferragut, Veronica Lope Fontagné, Pablo Zalba Bidegain

Proposal for a regulation

Article 14 – paragraph 3

Text proposed by the Commission

Amendment

3. The registration shall be valid for the entire territory of the Union and shall allow EuSEF managers to market EuSEFs under the designation “European Social Entrepreneurship Funds” throughout the Union.

3. The registration shall be valid for the entire territory of the Union and shall allow EuSEF managers to market EuSEFs under the designation “European Social Entrepreneurship Funds” throughout the Union. ***A certificate with a social label may make it possible to recognise and give fresh impetus to social activities, and bring greater transparency to the activities of social businesses and innovative support mechanisms, with a view to***

attracting private funding.

Or. es

Amendment 122

Olle Schmidt

Proposal for a regulation

Article 15 – paragraph 1 – point b

Text proposed by the Commission

(b) to market an existing EuSEF in a Member State not mentioned in the list referred to in *point (d) of* Article 14 (1).

Amendment

(b) to market an existing EuSEF in a Member State not mentioned in the list referred to in Article 14 (1).

Or. en

Amendment 123

Sophie Auconie

Proposal for a regulation

Article 16 – paragraph 4

Text proposed by the Commission

4. ESMA shall submit those draft implementing technical standards to the Commission *by [insert date]*.

Amendment

4. ESMA shall submit those draft implementing technical standards to the Commission *nine months at the latest after the entry in force of this regulation.*

Or. fr

Amendment 124

Saïd El Khadraoui

Proposal for a regulation

Article 17

Text proposed by the Commission

ESMA shall maintain a central database,

Amendment

ESMA shall maintain a central database,

publicly accessible on the internet, listing all ***EuSEF*** managers registered in the Union in accordance with this Regulation.

publicly accessible on the internet, listing all ***venture capital fund*** managers registered in the Union ***as well as the countries in which they operate, in*** accordance with this Regulation.

Or. en

Amendment 125

Astrid Lulling

Proposal for a regulation

Article 17

Text proposed by the Commission

ESMA shall maintain a central database, publicly accessible on the internet, listing all ***EuSEF*** managers registered in the Union in accordance with this Regulation.

Amendment

ESMA shall maintain a central database, publicly accessible on the internet, listing all ***EuSEFs and all EuSEF*** managers registered in the Union in accordance with this Regulation.

Or. en

Amendment 126

Sophie Auconie

Proposal for a regulation

Article 17 – paragraph 1 a (new)

Text proposed by the Commission

Amendment

The ESMA and the competent authorities in Member States shall inform investors, investment fund managers and companies of the existence of the EuSEF.

Or. fr

Amendment 127

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation
Article 22 – paragraph 2 a (new)

Text proposed by the Commission

Amendment

2a. In the event of disagreement between the competent authorities concerning the exercise of their respective duties under this Regulation, any of the authorities concerned may refer the matter for mediation by ESMA under Article 19 of Regulation 1095/2010/EU.

Or. en

Amendment 128
Rosa Estaràs Ferragut, Veronica Lope Fontagné, Pablo Zalba Bidegain

Proposal for a regulation
Article 22 a (new)

Text proposed by the Commission

Amendment

Article 22a

Independent third parties with experience of auditing and financial implementation and knowledge of what social impact entails should contribute to verifying the measurement of social impacts, with the support of NGOs in specialist fields such as disability.

Or. es

Amendment 129
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 24 – paragraph 2

Text proposed by the Commission

2. The delegation of power referred to in Articles 2 (3), 3 (2), 8 (5), 9 (2) and 13 (4) shall be conferred on the Commission for a period of four years for a period of four years from the date of entering into force of this Regulation. The Commission shall draw up a report in respect of the delegation of powers not later than nine months before the end of the four year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

Amendment

2. The delegation of power referred to in Articles 2 (3), 3 (2), **3a**, 8 (5), 9 (2) and 13 (4) shall be conferred on the Commission for a period of four years for a period of four years from the date of entering into force of this Regulation. The Commission shall draw up a report in respect of the delegation of powers not later than nine months before the end of the four year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.

Or. en

Amendment 130

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 24 – paragraph 3

Text proposed by the Commission

3. The delegation of powers referred to Articles 2 (3), 3 (2), 8 (5), 9 (2) and 13 (4) may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

Amendment

3. The delegation of powers referred to Articles 2 (3), 3 (2), **3a**, 8 (5), 9 (2) and 13 (4) may be revoked at any time by the European Parliament or by the Council. A decision of revocation shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

Or. en

Amendment 131
Syed Kamall

Proposal for a regulation
Article 24 – paragraph 5

Text proposed by the Commission

5. 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 **2 months** of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by **2 months** at the initiative of the European Parliament or the Council.

Amendment

5. 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 to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by **three months** at the initiative of the European Parliament or the Council.

Or. en

Amendment 132
Sven Giegold
on behalf of the Verts/ALE Group

Proposal for a regulation
Article 25 – paragraph 1 – point c

Text proposed by the Commission

(c) the practical application of the criteria for identifying qualifying portfolio undertakings and the impact of this on the development of social undertakings across the Union;

Amendment

(c) the practical application of the criteria for identifying qualifying portfolio undertakings and the impact of this on the development of social undertakings across the Union **and their positive social impact**;

Or. en

Amendment 133
Syed Kamall

Proposal for a regulation

Article 25 – paragraph 1 – point d

Text proposed by the Commission

(d) the scope of this Regulation, including the *threshold* of *EUR 500 million*.

Amendment

(d) the scope of this Regulation, including the *possibility* of *extending the marketing of EuSEFs to retail investors*.

Or. en

Amendment 134

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 25 – paragraph 1 – point d a (new)

Text proposed by the Commission

Amendment

(da) the possibility of introducing a fund of EuSEFs with appropriately high standards of consumer protection in order to promote retail investment in EuSEFs and social entrepreneurship in general;

Or. en

Justification

In principal a Ucits fund could invest primarily or exclusively in EuSEFs thus allowing smaller retail investors to invest in a diversified EuSEFs. This may require revisions to the UCITS standards.

Amendment 135

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 25 – paragraph 1 – point d b (new)

Text proposed by the Commission

Amendment

(db) the resource requirements for ESMA to perform its tasks under this Regulation.

Or. en

Amendment 136

Sophie Auconie

Proposal for a regulation

Article 25 a (new)

Text proposed by the Commission

Amendment

Article 25a

Amendment of Directive 2009/65/EC

The following is to be added to Article 50(1):

i) European Social Entrepreneurship Funds, as defined in Regulation (EU) No .../2011 of the European Parliament and of the Council of ... on European Social Entrepreneurship Funds ((COD) 2011/0418), up to a maximum of 10%;

Or. fr

Justification

This amendment intends to make EuSEFs eligible investments for UCITS, for up to 10% of their assets. EuSEFs would thus be available to retail investors.

Amendment 137

Sven Giegold

on behalf of the Verts/ALE Group

Proposal for a regulation

Article 26 – paragraph 1

Text proposed by the Commission

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 the 22 July 2013, except for Articles 2 (3), 3 (2), 8 (5), 9 (2) and 13 (4), which shall apply from the date of entry into force of the Regulation.

Amendment

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 the 22 July 2013, except for Articles 2 (3), 3 (2), **3a**, 8 (5), 9 (2) and 13 (4), which shall apply from the date of entry into force of the Regulation.

Or. en