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*Committee on the Internal Market and Consumer Protection*  
*The Chair*

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07.12.2023

Mr Adrián VÁZQUEZ LÁZARA  
Chair  
Committee on Legal Affairs  
BRUSSELS

Subject: Opinion in the form of a letter on the proposal for a Directive of the European Parliament and of the Council on European cross-border associations (COM(2023)0516 – C9-0326/2023 – 2023/0315(COD))

Dear Mr Chair,

Under the procedure referred to above, the Committee on the Internal Market and Consumer Protection has been asked to submit an opinion to your committee. At its meeting of 19 September 2023, the committee coordinators decided to send the opinion in the form of a letter.

The Committee on the Internal Market and Consumer protection adopted its opinion in a form of a letter with the below amendments and principles and priorities at its meeting of 4 December 2023<sup>1</sup>, and decided to call on the Committee on Legal Affairs (JURI), as the committee responsible, to incorporate the following amendments into its legislative report, and take kind note of the following principles and priorities.

Yours sincerely,

Anna CAVAZZINI  
Chairwoman

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<sup>1</sup> The following were present for the final vote: Andrus Ansip (Vice-Chair), Maria Grapini (Vice-Chair), Maria-Manuel Leitão-Marques (Vice-Chair), Pablo Arias Echeverría, Laura Ballarín Cereza, Biljana Borzan, Markus Buchheit, Maria da Graça Carvalho, Dita Charanzová, Deirdre Clune, Malte Gallée, Sandro Gozi, Eugen Jurzyca, Włodzimierz Karpiński, Morten Løkkegaard, Antonius Manders, Karen Melchior, Anne-Sophie Pelletier, Miroslav Radačovský, René Repasi, Andreas Schwab, Róza Thun und Hohenstein, Kim Van Sparrentak, Tom Vandenkendelaere, Marion Walsmann, Marco Zullo, Estrella Durá Ferrandis (pursuant to Rule 209(7)), Ska Keller (pursuant to Rule 209(7)).

## AMENDMENTS

### IMCO 1

Recital 6a new

- (6a) The majority of the activities of non-profit organisations are currently carried out at national level, although an increasing number of non-profit organisations are operating across borders, thereby strengthening the social cohesion between Member States and deepening the internal market. 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.***

### IMCO 2

Recital 8

- (8)** In order to establish a genuine internal market for the economic activities of non-profit associations, it is necessary to abolish any unjustified restrictions on the freedom of establishment, the free movement of services, the free movement of goods and the free movement of capital that still apply in the laws of certain Member States. These restrictions ***create legal uncertainty, discourage and*** hinder non-profit associations from operating cross-border, not least because they impose on them a specific need to allocate resources to unnecessary administrative or compliance activities, which has a particularly deterrent effect in view of their non-profit nature.

### IMCO 3

Recital 9a new

- (9a) The heterogeneity of national laws and the lack of approximation of practices also leads to an uneven playing field due to the different market conditions and the diverse obstacles that non-profit organisations face in different Member States, for example when opening bank accounts, raising and accounting funds, including foreign funds, benefitting from public support measures and schemes and verifying and complying with requirements with regard to transparency duties.***

### IMCO 4

Recital 13

- (13)** It is therefore ***important to ensure harmonization at Union level and avoid any unnecessary fragmentation.*** Thus, it is necessary to put in place harmonised rules facilitating the pursuit of non-profit associations' cross-border activities. Existing national rules on cross-border associations should be harmonised so that they allow those non-profit associations to take a legal form specifically designed to facilitate operations on a cross border basis. That legal form should be provided in Member State's domestic legal orders through the adaptation of their respective rules on non-profit associations.

This legal form, which is to be designated as the ‘European cross-border association’, (‘ECBA’), should be automatically recognised by all Member States and will allow non-profit associations to overcome the obstacles they face in the internal market, while respecting Member States’ traditions regarding non-profit associations. *These are important steps towards the deepening and ultimately the completion of the internal market.*

## IMCO 5

Recital 13a new

*(13a) Non-profit associations are currently not automatically recognised when they operate in a country other than the one in which they are established, and often have to set up a new entity, concerning around 310,000 associations in the EU, with 185,000 more entities likely to engage in cross-border activities within a simplified framework. Whereas the new national legal form facilitating the cross-border activities of non-profit associations and their mobility and the accompanying certificate should provide them with this automatic recognition and enable them to fully develop their activities in other Member States, thus fully enjoy the benefits of the internal market.*

## IMCO 6

Recital 23

(23) Harmonisation throughout the Union of the key features of ECBAs’ legal personality and capacity and their automatic recognition across Member States and the registration procedure, without Member States laying down diverging rules on these issues, is an essential condition for ensuring a level-playing field for all ECBAs, *required under the single market, and creating legal certainty. That may lead to cost reduction, improved access to the single market for associations, increased offer and quality of services and products, better cooperation, more competition and will foster innovation.* The aspects of ECBAs’ activities that are not harmonised by this Directive should be governed by the national rules that apply to the most similar type of non-profit association in national law. Such entities, independently of their name in the domestic legal order, should in all cases be membership-based, have a non-profit purpose, and have legal personality. To ensure transparency and legal certainty, Member States should notify the Commission of those rules.

## IMCO 7

Recital 36a new

*(36a) The possibilities offered by the digitalization should be fully exploited by Member States in order to facilitate the exercise of the right to freedom of association and the right to freedom of mobility as well as in order to reduce the administrative burdens and compliance costs. To facilitate the registration process, including in the case of conversion, Member States shall ensure that the application for registration may be submitted online. That should also apply to the requests for transfer of the registered office and notification for a change of information part of the ECBA certificate. Digital means should be encouraged also to facilitate and speed up, where possible,*

*administrative procedures and cooperation.*

## **IMCO 8**

Article 14 - paragraph 1

1. Member States shall ensure that ECBAs are free to establish, to provide and receive services, and to exercise the free movement of goods in the internal market in compliance with EU law. ***Member States shall ensure that ECBAs are free to determine the scope of their operations.***

## **IMCO 9**

Article 17 heading

*Conversion of non-profit associations into an ECBA and mergers of existing ECBAs*

## **IMCO 10**

Article 17 - paragraph 1a new

- 1a. Member States shall allow existing ECBAs established in the Union to merge with another ECBA within the same Member State or established in another Member State.***

## **IMCO 11**

Article 17 - paragraph 2

2. Member States shall ensure that any conversion ***or merger*** is approved by the decision-making body of the converting ***or merging*** entity.

## **IMCO 12**

Article 17 - paragraph 3

3. Member States shall ensure the conversion ***or merger*** shall not result in the dissolution of the non-profit association that is converting ***or merging*** or ***in*** any loss of interruption of its legal personality.

## **IMCO 13**

Article 17 - paragraph 5

5. Member States shall ensure that the conversion ***or merger*** shall take effect upon registration of the newly constituted ECBA in accordance with Article 19.

## IMCO 14

Article 17 - paragraph 6

6. Member States shall ensure that the entry concerning the non-profit association that has converted **or merged** is removed from any register.

## IMCO 15

Article 17 - paragraph 6a new

- 6a. Member States shall ensure that the request for conversion or merger may be submitted online.**

## IMCO 16

Article 29 heading

*Reporting, evaluation and revision*

## IMCO 17

Article 29

By [**three** years after transposition deadline] at the latest, and every five years thereafter, the Commission shall **submit a** report to the European Parliament and to the Council on the transposition and application of this Directive. ***The report shall in particular analyse the impact of the measures, adopted in compliance with this Directive, on the proper functioning of the internal market, on non-profit associations, particularly on those operating in more than one Member State. The report shall also consider the adequacy and the proportionality of the measures and their impact on the third sector.*** To that end, the Commission may request, to the extent possible through digital tools, Member States to share aggregated data concerning ECBAs registered in their territory.

## IMCO 18

Article 29 - paragraph 1a new

- 1a. Shall the Commission find it necessary, the report may be accompanied by proposal for adapting the Directive to legal, technical and economic developments affecting non-profit associations, consumer protection and to the proper functioning of the internal market.**

## IMCO 19

Article 31 - paragraph 1

1. Member States shall adopt and publish, **including online**, the laws, regulations, and administrative provisions necessary to comply with this Directive by [**1 year** from the entry into force of this Directive]. They shall immediately communicate the text of those measures to the Commission.

## IMCO 20

Article 31 - paragraph 1a new

- 1a. In the format of a structured dialogue, Member States shall consult non-profit organisations already established, registered or operating in their territory in a timely and transparent manner in the process of transposition and implementation of the provisions of this Directive.***

## IMCO 21

Article 31 - paragraph 2

2. When Member States adopt **■** measures ***pursuant to paragraph 1***, they shall contain a reference to this Directive or shall be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made and how that statement is to be formulated.

## PRINCIPLES AND PRIORITIES

In addition to the amendments set out above, on behalf of the Committee, I would like to stress that these amendments are based on the following principles and priorities:

- I. **Removing the existing barriers that the non-profit associations face with regard to the exercise of all internal market freedoms:** despite the increasing numbers of cross-border associations and non-profit organisations in the Union, there is currently no harmonised European legislative framework allowing them to operate and organise themselves efficiently and effectively at cross-border level. Non-profit organisations that operate across the Union often face unjustified restrictions, which hinders their activities and discourages them from extending their missions across borders. Furthermore, the regulatory and administrative barriers that the cross-border associations encounter often create unnecessary excessive costs; a comprehensive set of measures should be put in place to ensure long-term predictable, fair, adequate and enabling environment for the non-profit associations that wish to engage in cross-border activities.
- II. **Creating a level playing field for the non-profit associations operating in the internal market:** the lack of approximation of practices leads to an uneven playing field due to the different market conditions and the diverse obstacles that non-profit organisations face in different Member States, for example when opening bank accounts, raising and accounting funds, benefitting from public support measures and schemes and verifying and complying with requirements with regard to transparency duties. In order to achieve a fully functioning internal market, non-profit associations engaging in cross border activities should be given instruments and opportunities equivalent to those available to other organisational legal structures, thereby giving a European dimension to their organisation and activities and creating a favourable environment for their development. Removing the barriers for non-profit associations inside the internal market will lead to an increase in the services and products offered on the national markets, as well as more cooperation and competition. This will foster innovation and enhance quality for services and goods.
- III. **Enhancing and encouraging the use of digital technologies:** the use of digital means can help reducing the administrative burdens linked to cross-border activities of non-profit associations, and ensure efficient administrative cooperation. Furthermore, the application of digital means could facilitate the enforcement of the rules. The possibilities offered by the digitalization should be fully exploited by the Member States in order to facilitate the exercise by the non-profit associations of their right to freedom of association and the right to freedom of mobility. To facilitate the registration process, including in the case of conversion, Member States should ensure that the application for registration may be submitted online. In addition, digital means should be used to facilitate and speed up, where possible, the procedures and the administrative cooperation.

- IV. **Transparency of information:** all non-profit associations should have access, including online access, to clear and easily understandable information on the conditions and procedures governing the formation, governance, registration, conversion and regulation of non-profit association, involved in cross-border activities. All administrative procedures should be clear and Member States should offer assistance services where and when necessary. Using standardised on-line procedures and entailing standardised information required for the registration of an european cross-border association is essential for the effective functioning of the internal market.
- V. **Active participation:** non-profit associations should be consulted about the introduction, review and implementation of any legislation, policies and practices that affect their operations, including with regard to transposition and implementation of this Directive's provisions. To that end, a regular and transparent civil dialogue should be established.
- VI. **Reporting, evaluation and revision:** based on the information provided by the Member States in accordance with Art. 31, the Commission shall present a report to the European Parliament and the Council on the implementation and application of this Directive no later than three years after the deadline for its transposition. That report shall analyse the impact of the measures, adopted in compliance with this Directive, on the proper functioning of the internal market, on non-profit associations, particularly on those operating in more than one Member State. The report shall also consider the adequacy and the proportionality of the measures and their impact on the third sector. Should the Commission find it necessary, the report may be accompanied by proposal for adapting the Directive to legal, technical and economic developments affecting the non-profit associations, consumer protection and to the proper functioning of the internal market. It should be ensured that additional laws and regulations, both on national and European level, are not unnecessarily burdensome on the organisations and are proportionate to the size of the organisations and the scope of activities. Thus, additional legislation should not result in disproportionate requirements or unduly restrict cross-border financing in line with the rules on free movement of capital laid down in the Treaties.



**ANNEX: ENTITIES OR PERSONS  
FROM WHOM THE RAPPOREUR HAS RECEIVED INPUT**

The Chair, in her capacity as rapporteur, declares under her exclusive responsibility that she did not receive input from any entity or person to be mentioned in this Annex pursuant to Article 8 of Annex I to the Rules of Procedure.