











# Procedure file

| Basic information   |   |
|---|---|
| COD - Ordinary legislative procedure (ex-codecision procedure)<br>Regulation <a href="#">2021/0375(COD)</a>   | Awaiting Parliament's position in 1st reading |
| Statute and funding of European political parties and foundations<br>Repealing Regulation 2014/1141 <a href="#">2012/0237(COD)</a>  |   |
| Subject<br>1.20.01 Political rights, right to vote and to stand in elections<br>4.10.16 Social and community life, associations, foundations<br>8.40.08 Agencies and bodies of the EU<br>8.70 Budget of the Union |   |
| Legislative priorities<br><a href="#">Joint Declaration 2022</a><br><a href="#">Joint Declaration 2021</a>  |   |

| Key players   |  |   |                        |
|---|--|---|------------------------|
| European Parliament   | Committee responsible  | Rapporteur  | Appointed              |
|   |  <a href="#">Constitutional Affairs</a> |   | 26/01/2022             |
|   |  |  <a href="#">WIELAND Rainer</a>             | 26/01/2022             |
|   |  |  <a href="#">GOERENS Charles</a>            |                        |
|   |  | Shadow rapporteur   |                        |
|   |  |  <a href="#">BISCHOFF Gabriele</a>          |                        |
|   |  |  <a href="#">DELBOS-CORFIELD Gwendoline</a> |                        |
|   |  |  <a href="#">SARYUSZ-WOLSKI Jacek</a>       |                        |
|   |  |  <a href="#">SCHOLZ Helmut</a>              |                        |
|   |  | Committee for opinion   | Rapporteur for opinion |
|  <a href="#">Budgets</a>       |  |   | 16/12/2021             |
|   | Committee for opinion on the recast technique  | Rapporteur for opinion  | Appointed              |
|  <a href="#">Legal Affairs</a> |  |   | 01/01/2022             |
|   |  |  <a href="#">ADAMOWICZ Magdalena</a>        |                        |
| Council of the European Union<br>European Commission  | Commission DG<br><a href="#">Secretariat-General</a>   | Commissioner<br>JOUROVÁ Věra  |                        |

## Key events

|            |   |   |         |
|------------|---|---|---------|
| 25/11/2021 | Legislative proposal published                          | <a href="#">COM(2021)0734</a>   | Summary |
| 17/01/2022 | Committee referral announced in Parliament, 1st reading |   |         |
| 13/07/2022 | Vote in committee, 1st reading                          |   |         |
| 27/07/2022 | Committee report tabled for plenary, 1st reading        | <a href="#">A9-0223/2022</a>  | Summary |
| 15/09/2022 | Debate in Parliament                                    |  |         |
| 15/09/2022 | Decision by Parliament, 1st reading                     | <a href="#">T9-0328/2022</a>  | Summary |
| 15/09/2022 | Matter referred back to the committee responsible       |   |         |

## Technical information

|  |   |
|--|---|
| Procedure reference                          | 2021/0375(COD)  |
| Procedure type                               | COD - Ordinary legislative procedure (ex-codecision procedure)          |
| Procedure subtype                            | Recast  |
| Legislative instrument                       | Regulation  |
|  | Repealing Regulation 2014/1141 <a href="#">2012/0237(COD)</a>           |
| Legal basis                                  | Treaty on the Functioning of the EU TFEU 224; Rules of Procedure EP 110 |
| Mandatory consultation of other institutions | <a href="#">European Court of Auditors</a>                              |
| Stage reached in procedure                   | Awaiting Parliament's position in 1st reading                           |
| Committee dossier                            | AFCO/9/07842  |

## Documentation gateway

|  |             |   |            |      |         |
|--|-------------|---|------------|------|---------|
| Legislative proposal                           |             | <a href="#">COM(2021)0734</a>                               | 25/11/2021 | EC   | Summary |
| Document attached to the procedure             |             | <a href="#">SEC(2021)0577</a>                               | 25/11/2021 | EC   |         |
| Document attached to the procedure             |             | <a href="#">SWD(2021)0359</a>                               | 25/11/2021 | EC   |         |
| Document attached to the procedure             |             | <a href="#">SWD(2021)0360</a>                               | 25/11/2021 | EC   |         |
| Economic and Social Committee: opinion, report |             | <a href="#">CES6449/2021</a>                                | 23/02/2022 | ESC  |         |
| Committee draft report                         |             | <a href="#">PE719.606</a>                                   | 22/03/2022 | EP   |         |
| Court of Auditors: opinion, report             |             | 52022AA0001<br><a href="#">OJ C 182 04.05.2022, p. 0014</a> | 07/04/2022 | CofA |         |
| Amendments tabled in committee                 |             | <a href="#">PE719.607</a>                                   | 13/04/2022 | EP   |         |
| Committee opinion                              | <b>BUDG</b> | <a href="#">PE719.619</a>                                   | 17/05/2022 | EP   |         |
| Opinion on the recast technique                |             | <a href="#">PE732.690</a>                                   | 30/05/2022 | EP   |         |
| Specific opinion                               | <b>JURI</b> | <a href="#">PE734.087</a>                                   | 16/06/2022 | EP   |         |
| Committee report tabled for plenary, 1st       |             | <a href="#">A9-0223/2022</a>                                | 27/07/2022 | EP   | Summary |

|  |  |                              |            |    |         |
|--|--|------------------------------|------------|----|---------|
| reading/single reading   |  |                              |            |    |         |
| Text adopted by Parliament, partial vote at 1st reading/single reading |  | <a href="#">T9-0328/2022</a> | 15/09/2022 | EP | Summary |

## Statute and funding of European political parties and foundations

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**PURPOSE :** to recast the regulation laying down the conditions governing the statute and funding of political parties at European level and political foundations at European level (recast).

**PROPOSED ACT:** Regulation of the European Parliament and of the Council.

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

**BACKGROUND:** Regulation No 1141/2014 of the European Parliament and of the Council governs the statute and funding of European political parties and European political foundations. Clearer rules are needed on the financing of European political parties and for greater transparency in sponsored political content (political advertising). The current legal framework does not address sufficiently the need for transparency of political advertising, which is essential for a fair democratic debate and free and fair elections.

Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations has been substantially amended several times. Since further amendments are to be made, that Regulation should be recast in the interests of clarity.

**CONTENT:** the recast proposal aims to amend the rules on the conditions governing the statute and funding of both political parties and political foundations at European level.

This recast proposal intends to:

- amend the definition of European political foundation to allow for the organisation of capacity building activities that could help form future political leadership in Europe;
- introduce a definition of political advertising and of paid political advertisement with a view to increasing its transparency;
- introduce an addition category of revenue sources, which is currently limited to contributions or donations, which is linked to financial income created by the party or foundation activity. This revenue should be capped so that that it does not become over-dimensioned in relation to this entity's overall budget;
- introduce a new Article to clarify the notion of indirect funding and the fact that its prohibition should not prevent European political parties and foundations from engaging with their member parties and organisations;
- clarify that the obligation to respect the values on which the Union is founded, as set out in Article 2 of the Treaty on European Union, applies not only to European political parties and foundations, but that these values must also be observed by their member parties and member organisations;
- include in the statute of political parties their internal rules on gender equality;
- provide for a repository for the disclosures to be made by the European political parties to the Authority;
- introduce a co-financing rate for European political parties of 5% (as opposed to 10%) to address the difficulties that smaller European political parties face in achieving the 10% co-financing rate required by Regulation (EU, Euratom) No 1141/2014;
- reduce the co-financing rate to 0% in the year of the elections to the European Parliament to help European political parties increase the number and intensity of their campaign activities and increase their visibility at national level;
- clarify the requirements for displaying the logo of the European political party that a member party is affiliated to in order to increase the visibility of European political parties at national level. Sanctions should apply where a European political party fails to provide evidence in its application for EU funding that its logo is displayed by its member parties;
- provide stronger protection of the Unions financial interests by eliminating the 3-month period between a de-registration decision by the Authority and the decisions entry into force;
- introduce a due diligence mechanism for donations above EUR 3 000;
- introduce a cap on contributions from members outside the EU at 10% of total contributions (which, in turn, are capped to 40% of the annual budget of the party or foundation) in order to mitigate the risk of foreign interference and to ensure proportionality.

### Budgetary implications

The lowering of the co-financing rate for European political parties from the current 10% to 5% and the new 0% co-financing rate for the year of the elections to the European Parliament, may require the provision of additional financial resources for European political parties and foundations. However, this will be for the budgetary authority to decide on annual basis.

## Statute and funding of European political parties and foundations

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The Committee on Constitutional Affairs adopted the report by Charles GOERENS (EPP, DE) and Rainer WIELAND (Renew, LU) on the proposal for a regulation of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations (recast).

The recast proposal aims to amend the rules governing the statute and financing of political parties and political foundations at European level.

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

#### Definitions

In order to ensure legal consistency, Members clarified a number of definitions for reasons of internal logic. Members have thus modified the concepts of donation, association fees, ancillary own resources, indirect financing, and introduced the concept of contribution.

For the purposes of the Regulation, a political party is defined as an association of citizens recognised by the legal order of at least one Member State or of a third country which, being a member of the Council of Europe, has full rights of representation there or is established in accordance with that legal order. The definition of European political party has also been clarified.

Transparency obligations regarding the use of logos, publication of the political programme and gender balance

Members introduced a specific article stating that each European political party should ensure that member parties publish on their websites the political programme and logo of the European political party. Each European political party and its member parties shall publish on their websites information on the gender balance among the candidates at the elections to the European Parliament following the entry into force of this Regulation along with updated information on gender representation among their Members of the European Parliament.

Members also clarified the provisions concerning the verification of compliance with the conditions and requirements for registration and the examination of grounds for deletion from the register by the Authority.

Verification of the registration conditions relating to the values upon which the Union is founded

A political alliance could apply for registration as a European political party on condition that it ensures that its member parties based in the Union respect the values set out in Article 2 of the Treaty on European Union and that its member parties based in a third country belonging to the Council of Europe respect equivalent values.

According to the amended text, the European Parliament, on its own initiative or following a reasoned request from a group of citizens, or the Council or the Commission could ask the Authority to verify whether a European political party or a specific European political foundation complies with the conditions for registration relating to the respect of the values on which the Union is founded.

In such cases, the Authority should inform the European political party or European political foundation concerned without undue delay, invite it to submit its observations and give it the opportunity to take steps to remedy the situation within one month.

Verification of obligations under national law

The Member State in which the European political party or European political foundation has its seat could submit an application for deregistration to the Authority if a European political party or European political foundation is in breach of the relevant obligations under the applicable national law and if, in the light of the freedom of association enshrined in Article 12 of the Charter and the need to guarantee the pluralism of political parties in Europe, this breach is sufficiently serious to justify its deregistration. This duly reasoned request should identify precisely and exhaustively the illegal actions and the specific national requirements that have not been respected.

Conditions for funding

In order to receive funding from the general budget of the European Union, a European political party or a European political foundation, which satisfies the conditions set out in the Regulation, should submit an application to the European Parliament following a call for contributions from the general budget of the European Union or a call for proposals.

For all donations with a cumulative annual value of more than EUR 3 000 from a single donor, European political parties and European political foundations should ask these donors to provide the necessary information so that they can be properly identified.

The total value of contributions to a European political party should not exceed 40% of its annual budget. The total value of association fees to a European political party should not exceed 20 % of the total value of contributions to that party.

Furthermore, the share of additional own resources in the total budget of a European political party or a European political foundation should be capped at 10% of the amount generated from contributions and fees in order to keep it proportionate to the total budget of these entities. The funding of European political parties from the general budget of the European Union or from any other source could be used to finance referendum campaigns when these concern issues directly related to the European Union.

Common directory for information provided by European political parties

European political parties should make available in the Authority's Directory information that enables citizens to understand the wider context and objectives of political advertising. Information on the amount of money allocated to political advertising in a given campaign could be based on a realistic estimation of the funds and on the actual amounts once known. The amounts to be mentioned in the repository include donations for specific purposes, benefits in kind, contributions, association fees and other own resources.

## Statute and funding of European political parties and foundations

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The European Parliament adopted by 392 votes to 119, with 56 abstentions, amendments on the proposal for a regulation of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations (recast).

The matter was referred back to the committee responsible for inter-institutional negotiations.

The main amendments adopted in plenary are the following:

Enlargement to parties outside the EU27

The regulation aims to lay down the conditions governing the statute and funding of political parties at European level and of political foundations at European level. For the purposes of the regulation, Members defined a political party as an association of citizens recognised

by the legal order of at least one Member State or of a third country which, being a member of the Council of Europe, has full rights of representation there or is established in accordance with that legal order.

Transparency obligations regarding the use of logos, publication of the political programme and gender balance

Parliament introduced a specific article stating that each European political party should ensure that member parties publish on their websites the political programme and logo of the European political party. The European political party's logo shall be displayed in the top section of the front page of the member party's website, in a clearly visible manner.

Each European political party and its member parties should publish on their websites information on the gender balance among the candidates at the elections to the European Parliament following the entry into force of this Regulation along with updated information on gender representation among their Members of the European Parliament.

Moreover, each European political party and its member parties shall publish on their websites information on the gender balance among the candidates at the elections to the European Parliament, along with updated information on gender representation among their Members of the European Parliament.

Requirements for gender equality rules

If they wish to benefit from EU funding, European political parties and European political foundations should have internal rules promoting gender equality, including a gender equality plan and a protocol to prevent, detect and combat sexual harassment and harassment on the grounds of gender.

Verification of the registration conditions relating to the values upon which the Union is founded

A political alliance could apply for registration as a European political party on condition that it ensures that its member parties based in the Union respect the values set out in Article 2 of the Treaty on European Union and that its member parties based in a third country belonging to the Council of Europe respect equivalent values.

According to the amended text, the European Parliament, on its own initiative or following a reasoned request from a group of citizens, or the Council or the Commission could ask the Authority to verify whether a European political party or a specific European political foundation complies with the conditions for registration relating to the respect of the values on which the Union is founded.

In such cases, the Authority should inform the European political party or European political foundation concerned without undue delay, invite it to submit its observations and give it the opportunity to take steps to remedy the situation within one month.

The Authority could only take a decision on deregistration for non-compliance with the conditions for registration relating to respect for the values on which the Union is founded in the event of a clear and serious breach of those conditions. A decision by the Authority to deregister a European political party or a European political foundation would only enter into force if no objection is made by the European Parliament and the Council within a period of three months of the communication of the decision to them or if, before the expiry of that period, the European Parliament and the Council have both informed the Authority that they will not object. Any objection raised to a decision of the Authority to deregister a European political party or European political foundation shall be duly reasoned and should be made public.

Verification of obligations under national law

The Member State in which the European political party or European political foundation has its seat could submit an application for deregistration to the Authority if a European political party or European political foundation is in breach of the relevant obligations under the applicable national law and if, in the light of the freedom of association enshrined in Article 12 of the Charter and the need to guarantee the pluralism of political parties in Europe, this breach is sufficiently serious to justify its deregistration. This duly reasoned request should identify precisely and exhaustively the illegal actions and the specific national requirements that have not been respected.

It should be noted that Members have also clarified the provisions concerning the verification of compliance with the conditions and requirements for registration and the examination of grounds for deletion from the register by the Authority.

Donations, contributions, fees and additional own resources

European political parties and European political foundations, when submitting their annual financial statements, will also have to provide a list of all donors and their corresponding donations, indicating both the nature and the value of individual donations.

For all donations with a cumulative annual value of more than EUR 3 000 from a single donor, European political parties and European political foundations should ask these donors to provide the necessary information so that they can be properly identified.

The total value of contributions to a European political party should not exceed 40% of its annual budget. The total value of association fees to a European political party should not exceed 20 % of the total value of contributions to that party.

Furthermore, the share of additional own resources in the total budget of a European political party or a European political foundation should be capped at 10% of the amount generated from contributions and fees in order to keep it proportionate to the total budget of these entities. The funding of European political parties from the general budget of the European Union or from any other source could be used to finance referendum campaigns when these concern issues directly related to the European Union.

EU funding of national referendum campaigns

The funding of European political parties from the general budget of the European Union or from any other source may be used to finance referendum campaigns when those campaigns concern issues directly related to the European Union (and not only when they concern the implementation of the EU treaties as proposed by the European Commission).