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From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
Subject:	Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) No. 1141/2014 of the European Parliament and the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations. - Outcome of the European Parliament's first reading, (Strasbourg, 16 to 19 April 2018)

I. INTRODUCTION

In accordance with the provisions of Article 294 of the TFEU and the joint declaration on practical arrangements for the codecision procedure ¹, a number of informal contacts have taken place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this dossier at first reading, thereby avoiding the need for second reading and conciliation.

¹ OJ C 145, 30.6.2007, p.5

In this context, the rapporteurs, Mercedes Bresso (S&D, IT) and Rainer Wieland (EPP, DE), presented one compromise amendment (amendment 17) to the proposal for a Regulation, on behalf of the Committee on Constitutional Affairs. This amendment had been agreed during the informal contacts referred to above.

II. VOTE

When it voted on 17 April 2018, the plenary adopted one compromise amendment (amendment 17) to the proposal for a Regulation. The Commission's proposal as thus amended constitutes the Parliament's first-reading position which is contained in its legislative resolution as set out in the Annex hereto².

The Parliament's position reflects what had been previously agreed between the institutions. The Council should therefore be in a position to approve the Parliament's position.

The act would then be adopted in the wording which corresponds to the Parliament's position.

² The version of the Parliament's position in the legislative resolution has been marked up to indicate the changes made by the amendments to the Commission's proposal. Additions to the Commission's text are highlighted in ***bold and italics***. The symbol "■" indicates deleted text.

Statute and funding of European political parties and European political foundations *I**

European Parliament legislative resolution of 17 April 2018 on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations (COM(2017)0481 – C8-0307/2017 – 2017/0219(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2017)0481),
 - having regard to Article 294(2) and Article 224 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0307/2017),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to its resolution of 15 June 2017 on the funding of political parties and political foundations at European level³,
 - after consulting the Committee of the Regions,
 - having regard to the provisional agreement approved by the committee responsible under Rule 69f(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 7 March 2018 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on Constitutional Affairs and the position in the form of amendments of the Committee on Budgetary Control (A8-0373/2017),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;

³ Texts adopted, P8_TA(2017)0274.

3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

P8_TC1-COD(2017)0219

Position of the European Parliament adopted at first reading on 17 April 2018 with a view to the adoption of Regulation (EU) 2018/... of the European Parliament and of the Council amending Regulation (EU, Euratom) No 1141/2014 on the statute and funding of European political parties and European political foundations

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 224 thereof,

Having regard to the Treaty establishing the European Atomic Energy Community, and in particular Article 106a thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee⁴,

■ After consulting the Committee of the Regions,

Having regard to the opinion of the Court of Auditors⁵,

Acting in accordance with the ordinary legislative procedure⁶,

Whereas:

- (1) Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council⁷ establishes a specific European legal status from which European political parties and their

⁴ OJ C , , p. .

⁵ OJ C , , p. .

⁶ Position of the European Parliament of 17 April 2018.

affiliated European political foundations can benefit and provides for them to be funded from the general budget of the European Union.

⁷ Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations (OJ L 317, 4.11.2014, p. 1).

- (2) A need has been identified to amend Regulation (EU, Euratom) No 1141/2014 in order to better meet the objective of encouraging and assisting European political parties and their affiliated European political foundations in their endeavour to provide a strong link between European civil society and the Union institutions, and in particular the European Parliament.
- (3) ***Following changes in Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council⁸ (“the Financial Regulation”), the definition of National Contact Point should be revised. The relevant authorities in the Member States should specifically designate a person or persons for the purpose of exchanging information in the course of applying this Regulation. To this end, they could choose among those persons or bodies already designated for issues related to the early detection and exclusion system set up and operated by the Commission to protect the Union's financial interests.***

⁸ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (OJ L 298, 26.10.2012, p. 1).

- (4) It is necessary to better ensure that European political parties and their affiliated European political foundations have a genuine transnational dimension in order for them to acquire a specific European legal status through registration. Moreover, in order to strengthen the link between politics at national level and at Union level and to prevent the same national party from artificially creating several European political parties with similar or identical political tendencies, members of the same national political party should not be taken into account in relation to different political alliances, for the purpose of the minimum representation requirements for those alliances to be registered as a European party. Therefore, only political parties, and no longer individuals, should be taken into account for the purpose of those minimum representation requirements.

- (5) European political parties and their affiliated European political foundations should be enabled to use a larger share of the appropriations dedicated to their funding in the general budget of the European Union. Therefore, the maximum share of financial contributions or grants from the general budget of the European Union in the annual reimbursable expenditure indicated in the budget of a European political party and in the eligible costs incurred by a European political foundation should be increased.
- (6) For reasons of transparency and in order to strengthen the scrutiny and the democratic accountability of European political parties and the link between European civil society and the Union institutions, and in particular the European Parliament, access to funding from the general budget of the European Union should be made conditional upon the **EU** member parties publishing, *in a clearly visible and user-friendly manner*, the *political* programme and logo of the European political party concerned **■**. *The inclusion of information on gender balance in relation to each of the member parties of the European political party should be encouraged.*

- (7) To establish a more proportionate allocation of resources from the general budget of the European Union, objectively reflecting the genuine electoral support of a European political party, the funding of European political parties, and, by extension, of their respective affiliated European political foundations, should be linked more closely to a demonstrable level of electoral support. Therefore, the rules on the distribution of funding should be adapted to take greater account of the share of elected members that each European political party has in the European Parliament.
- (8) Where a European political party or European political foundation, due to a change in circumstances, no longer fulfils one or more of the conditions for registration, it should be removed from the Register.
- (9) For reasons of legal certainty and transparency it should be explicitly provided that a European political party or European political foundation can be removed from the Register within a reasonable period where the party or foundation has provided false or incomplete information on the basis of which a decision has been made to register that party or foundation.

- (10) The protection of the Union's financial interests should be strengthened by providing that, in cases of infringement, the effective recovery of funding from the general budget of the European Union should be ensured through the recovery of amounts unduly paid from natural persons responsible for the infringement in question, ***taking into account, where applicable, exceptional circumstances relating to those natural persons.***
- (11) In order to evaluate the implications of Regulation (EU, Euratom) No 1141/2014 as amended by this Regulation on the basis of substantial evidence of its practical operation, the date of the proposed comprehensive review should be postponed. ***That comprehensive review should pay particular attention to the implications for the position of small European political parties and their affiliated European political foundations of Regulation (EU, Euratom) No 1141/2014 as amended by this Regulation.***

- (12) The new requirements regarding ***publishing*** of the ***political*** programme and logo of European political parties ■ should, to the largest possible extent, apply already to applications for funding for 2019, which is the year in which the next elections to the European Parliament will take place. Therefore, this Regulation should make provision for transitional arrangements.
- (13) In order to ensure that the amendments to Regulation (EU, Euratom) No 1141/2014 introduced by this Regulation apply in a timely manner, this Regulation should enter into force on the date of its publication in the *Official Journal of the European Union*.
- (14) Regulation (EU, Euratom) No 1141/2014 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

Article 1

Regulation (EU, Euratom) No 1141/2014 is amended as follows:

(1) ***Recital 12 is replaced by the following:***

‘(12) European political parties and their affiliated European political foundations wishing to obtain recognition as such at Union level by virtue of European legal status and to receive public funding from the general budget of the European Union should respect certain principles and fulfil certain conditions. In particular, it is necessary for European political parties and their affiliated European political foundations to respect, ***in particular in their programme and in their activities***, the values on which the Union is founded, as expressed in Article 2 TEU, ***namely respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities.***’;

(2) *the following recital is inserted:*

‘(30a) In accordance with the provisions and procedures laid down in Council Regulation (EU) 2017/1939^{}, the European Public Prosecutor’s Office (EPPO) has the task of investigating alleged criminal offences in the context of the funding of European political parties and European political foundations which affect the financial interests of the Union, within the meaning of Directive (EU) 2017/1371 of the European Parliament and of the Council^{**}. The obligation under Article 24 of Regulation (EU) 2017/1939 applies to the Authority.*

^{*} *Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor’s Office (‘the EPPO’) (OJ L 283, 31.10.2017, p. 1).*

^{**} *Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29).’;*

(3) *in Article 2, point (10) is replaced by the following:*

‘(10) 'National Contact Point' means ■ any ■ person or persons specifically designated by the relevant authorities in the Member States for the purpose of exchanging information in the application of this Regulation;’;

(4) Article 3(1) is amended as follows:

(a) in point (b), the first subparagraph is replaced by the following:

‘its member parties must be represented by, in at least one quarter of the Member States, members of the European Parliament, of national parliaments, of regional parliaments or of regional assemblies, or’;

(b) the following point is inserted:

‘(ba) its member parties are not members of another European political party;’;

(5) *the first subparagraph of Article 10(3) is replaced by the following:*

‘The European Parliament, *acting on its own initiative or following a reasoned request from a group of citizens, submitted in accordance with the relevant provisions of its Rules of Procedure, or* the Council or the Commission, may lodge with the Authority a request for verification of compliance by a specific European political party or European political foundation with the conditions laid down in point (c) of Article 3(1) and point (c) of Article 3(2). In such cases, and in the cases referred to in point (a) of Article 16(3), the Authority shall ask the committee of independent eminent persons established by Article 11 for an opinion on the subject. The committee shall give its opinion within two months.’;

(6) Article 17(4) is replaced by the following:

‘4. Financial contributions or grants from the general budget of the European Union shall not exceed 90 % of the annual reimbursable expenditure indicated in the budget of a European political party and 95 % of the eligible costs incurred by a European political foundation. European political parties may use any unused part of the Union contribution awarded to cover reimbursable expenditure within the financial year following its award. Amounts unused after that financial year shall be recovered in accordance with the Financial Regulation.’;

(7) in Article 18, the following paragraph is inserted:

‘**2a.** A European political party shall include in its application evidence demonstrating that its *EU* member parties have, *as a rule*, published on their websites, *in a clearly visible and user-friendly manner, throughout the 12 months preceding the final date for submission of* applications ■ , the political programme and logo of the European political party ■ .’;

(8) Article 19(1) is replaced by the following:

- ‘1. The respective appropriations available to those European political parties and European political foundations which have been awarded contributions or grants in accordance with Article 18 shall be distributed annually on the basis of the following distribution key:
- **10 %** shall be distributed among the beneficiary European political parties in equal shares,
 - **90 %** shall be distributed among the beneficiary European political parties in proportion to their share of elected members of the European Parliament.

The same distribution key shall be used to award funding to European political foundations, on the basis of their affiliation with a European political party.’;

(9) Article 27(1) is amended as follows:

(a) point (b) is replaced by the following:

‘(b) where it is established, in accordance with the procedures set out in Article 10(2) to (5), that it no longer fulfils one or more of the conditions set out in Article 3(1) or (2);’;

(b) the following point is inserted:

‘(ba) where ***a decision to register*** the party or foundation in question ***is based on incorrect or misleading information for which the applicant is responsible, or where such a decision has been obtained by deceit***; or’;

(10) the following *article* is inserted:

‘Article 27a

Responsibility of natural persons

Where the Authority imposes a financial sanction in the situations referred to in points (a)(v) or (a)(vi) of *Article 27(2)* it may, for the purpose of recovery pursuant to Article 30(2), establish that a natural person who is a member of the administrative, management or supervisory body of the European political party or European political foundation, or who has powers of representation, decision or control with regard to the European political party or European political foundation is also responsible for the infringement, in the following cases:

- (a) in the situation referred to in point (a)(v) of *Article 27(2)* where, in the judgment referred to in that provision, the natural person has been found to be also responsible for the illegal activities in question;
- (b) in the situation referred to in point (a)(vi) of *Article 27(2)* where the natural person is also responsible for the conduct or inaccuracies in question.’;

(11) Article 30(2) is amended as follows:

(a) the first subparagraph is replaced by the following:

‘A European political party or European political foundation on which a sanction has been imposed for any of the infringements listed in Article 27(1) and in points (v) and (vi) of Article 27(2)(a) shall for that reason no longer be in compliance with Article 18(2). As a result, the Authorising Officer of the European Parliament shall terminate the contribution or grant agreement or decision on Union funding received under this Regulation and shall recover amounts unduly paid under the contribution or grant agreement or decision, including any unspent Union funds from previous years. The Authorising Officer of the European Parliament shall also recover amounts unduly paid under the contribution or grant agreement or decision from a natural person in respect of whom a decision pursuant to Article 27a ■ has been taken, **taking into account, where applicable, exceptional circumstances relating to that natural person.**’;

(b) the second subparagraph is replaced by the following:

‘In the event of such termination, payments by the Authorising Officer of the European Parliament shall be limited to the **reimbursable** expenditure incurred by the European political party or **the eligible costs incurred by** the European political foundation up to the date when the termination decision takes effect.’;

(12) Article 32 (1) is amended as follows:

(a) point (i) is replaced by the following:

‘(i) a description of the technical support provided to European political parties; ■ ’

(b) point (j) is replaced by the following:

‘(j) the evaluation report of the European Parliament on the application of this Regulation and on the funded activities referred to in Article 38; **and**’

(c) the following point is added:

‘(k) *an updated list of Members of the European Parliament who are members of a European political party.*’;

(13) *Article 34 is replaced by the following:*

‘Article 34

Right to be heard

Before the Authority or the Authorising Officer of the European Parliament takes a decision which may adversely affect the rights of a European political party, a European political foundation, ■ an applicant as referred to in Article 8 *or a natural person as referred to in Article 27a*, it shall hear the representatives of the European political party, European political foundation *or* ■ applicant, *or the natural person* concerned. The Authority or the European Parliament shall duly state the reasons for its decision.’;

(14) *Article 38 is replaced by the following:*

‘Article 38

Evaluation

The European Parliament shall, after consulting the Authority, publish *by 31 December 2021 and every five years thereafter* a report on the application of this Regulation and on the activities funded. The report shall indicate, where appropriate, possible amendments to be made to the statute and funding systems.

No more than six months after the publication of the report by the European Parliament, the Commission shall present a report on the application of this Regulation *in which particular attention will be paid to its implications for the position of small European political parties and European political foundations. The report shall, if appropriate, be accompanied by a legislative proposal to amend this Regulation.*’;

(15) the following article is inserted:

‘Article 40a

Transitional provision

1. The provisions of this Regulation applicable prior to ... [date of entry into force of this amending Regulation] shall continue to apply as regards acts and commitments relating to the funding of European political parties and European political foundations at European level for the financial year 2018.

2. By way of derogation from Article 18(2a), the Authorising Officer of the European Parliament shall, before deciding on an application on funding **for the financial year 2019**, request the evidence referred to in Article 18(2a) only for a period from ... [two months after the date of entry into force of this amending Regulation].

3. European political parties registered before ... [date of entry into force of this amending Regulation] shall, at the latest by... [two months after date of entry into force of this amending Regulation], submit documents proving that they satisfy the conditions laid down in points (b) and (ba) of Article 3(1).

4. The Authority shall remove a European political party and its affiliated European political foundation from the Register where the party in question fails to prove within the period of time set out in paragraph 3 that it meets the conditions laid down in points (b) and (ba) of Article 3(1).’.

Article 2

This Regulation shall enter into force on the ■ day ■ of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...,

For the European Parliament

For the Council

The President

The President
