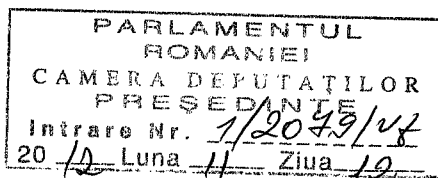




ROMÂNIA
Ministerul Afacerilor Externe



PARLAMENTUL ROMÂNIEI
CAMERA DEPUTAȚILOR
SEDINȚĂ GENERALĂ
16/11/2012, 14.11.2012

B1-2/ 6440

București, 6 noiembrie 2012

SG
Chiriac
Stimate domnule Președinte,

Ne adresăm dumneavoastră în legătură cu discuțiile care au loc în prezent la nivel de lucru în Consiliul UE (în Grupul Afaceri Generale) referitoare la propunerea Comisiei Europene de *Regulament privind statutul și finanțarea partidelor politice europene*.

Legislația anterioară referitoare la partidele politice la nivel european și finanțarea lor a fost adoptată în 2003 (Regulamentul 2004/2003). Ulterior, în 2007, a fost amendată pentru a permite aplicarea regulamentului și fundațiilor politice afiliate partidelor politice europene.

Actualul proiect de regulament vizează în principal *introducerea unui statut juridic european (bazat în principal pe legislația UE) pentru partidele și fundațiile politice europene*. Conform precizărilor Comisiei Europene, personalitatea juridică europeană va permite partidelor să depășească o serie de obstacole cu care s-au confruntat până în prezent. Acestea includ diversitatea sistemelor juridice naționale sub care au funcționat, care în general s-au dovedit inadecvate pentru activitatea specifică la nivel european a partidelor, precum și lipsa de vizibilitate și recunoaștere publică.

Obținerea statutului european va fi condiționată de respectarea unor standarde înalte de guvernanță, responsabilitate și transparență. Condițiile specifice pentru obținerea statutului includ respectul strict pentru valorile UE și, în cazul partidelor politice, îndeplinirea unor reguli minime de democrație internă. Recunoașterea ca partid politic european sau ca fundație politică europeană reprezintă o precondiție pentru eligibilitatea la finanțarea de la bugetul UE.

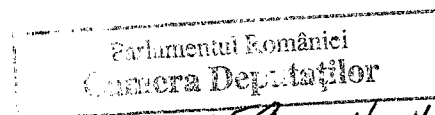
Totodată, Comisia Europeană propune ca *doar partidele politice (și fundațiile afiliate acestora), care sunt reprezentate în PE de cel puțin unul dintre membrii lor, să poată beneficia de finanțare UE*. Comisia propune o serie de modificări la sistemul de finanțare pentru partide și fundații politice europene.

Amendarea regulilor de finanțare vizează crearea unui capitol separat (capitolul IV) pentru partidele politice și fundațiile politice europene care nu ar mai putea primi contribuții *sui generis*. De asemenea, este introdusă flexibilitate în ceea ce privește metodele de lucru și activitățile partidelor și fundațiilor în special prin creșterea nivelurilor de pre-finanțare, reducerea cerințelor de co-finanțare și permiterea acumulării de rezerve din resurse proprii. Propunerea *ridică nivelul de donații permise pe an și pe donator pentru a permite partidelor și fundațiilor să-și creeze propriile resurse*.

Domnului George Crin Laurențiu Antonescu
Președintele Senatului României

Domnului Valeriu Ștefan Zgonea
Președintele Camerei Deputaților

Cc. Domnului Dan-Coman Șova
Ministrul pentru relația cu Parlamentul



S.P. Nr. *1159* din *14.11.2012*

A fost, totodată, instituit un *cadru de control*, care acoperă toate operațiile financiare ale partidelor și fundațiilor europene, indiferent de sursa de finanțare. Acest cadru întărește obligațiile de raportare și de transparență, consolidează mecanismele de contabilitate și control și introduce un nou sistem de sancțiuni administrative, inclusiv în ceea ce privește încălcarea valorilor UE.

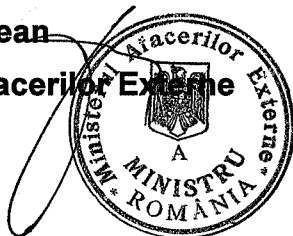
Finanțarea va continua să se facă prin bugetul Parlamentului European. Conform Comisiei, propunerea nu are un impact semnificativ asupra bugetului UE.

Discuțiile vor continua în perioada următoare (proxima reuniune a Grupului Afaceri Generale va avea loc la 9 noiembrie 2012). În acest context, vă rugăm să transmiteți punctul de vedere al Comisiilor pentru afaceri europene cu privire la propunerea de regulament către Ministerul Afacerilor Europene și Ministerul Afacerilor Externe, în perspectiva discuțiilor care au loc la nivel UE. Anexăm propunerea de Regulament și punctul de vedere preliminar elaborat pentru reuniunea Grupului Afaceri Generale din data de 29 octombrie 2012.

Cu deosebită considerație,

Titus Corlățean

Ministrul Afacerilor Externe



Leonard Orban

Ministrul Afacerilor Europene



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

Remarks by the Romanian side

General remarks

A successful implementation and application of a European Statute for political parties and political foundations would indeed, in the view of the Romanian side, contribute to the raising of European political awareness and expressing the will of EU citizens, pursuant to article 10(4) TFEU.

Accordingly, the Romanian side views the creation of the European Statute as beneficial in the sense of having a structured and coherent organization of the political parties at EU level which, in turn, gives them a wider recognition in the EU Member States. The Romanian side also welcomes the European Statute as good basic criterion for access to EU funds by political parties and political foundations.

The manner in which this statute is acquired and subsequently used should, however, be very carefully analyzed, in order to ensure an equitable and indiscriminate treatment among political parties and political foundations.

The text of the proposed regulation purports to give the EP a wide decision power, as regards the registration (article 6(5)), verification of registration (article 7(1)), penalties (article 22), hearings and coercive measures (article 23), and right of appeal (article 26).

The Romanian side believes that there is a need to ensure an independent mechanism for the decision making process, since it appears that these decisions are more legal than political in nature. Consequently, the possibility of involving the Council should be considered, in conformity with article 224 TFEU. Similar concerns have also been raised by other EU member states.

In addition and taking into account the complexity and the scope of the COM proposals, the timetable for their adoption should allow a through analysis at national level and the involvement of all interested institutions including the parliaments.

Comments on different articles

- Cooperation with third countries (**article 2(4)c**): the tasks performed by the European Political Foundations include developing cooperation to promote democracy in third countries, which would involve a relation with the EU external action. Therefore the Romanian side supports the Austrian suggestion that the EEAS should be consulted in the process of adopting this regulation.

- Registration and verification of the registration (**article 6 and 7**): the registration process allows for amendments to be made to the documents and statutes submitted. These modifications are verified only during the annual verification process or because of a motivated process. The Romanian side considers that a similar line of verification should be kept throughout the process and any modifications made by the European Political Parties or European Political Foundations should be assessed prior to their acceptance.
- Verification criteria (**article 7(2)**): a general question concerns the way to initially evaluate the criteria of articles 3 (1) c, respectively art. 3 (2) c. Additionally, in which fields would the persons chosen to take part in the committee be "eminent"? A reference to the rules of procedure of this committee should be made within the regulation (see also the Austrian proposal).
- Termination of the European status (**article 11(b)**): Romania asks for further clarification regarding let. b of this article (is this referring to a national political party?)
- Tax treatment of donations and donors (**article 16**): Romania supports the clarification demarches proposed by the CZ and AT delegations as regards the relation of this article with the relevant treaty provisions (article 115 TFEU) and asks for clarifications from the Council Legal Service concerning the appropriateness of a double legal basis of this regulation (including article 115 TFEU).
- Penalties (**article 22**): the EP can impose penalties on a scale determined by it, taking into account certain criteria. However there is no mention on how will this scale be determined and will the said criteria affect the scale. The Romanian side kindly asks for further details as to the implementation of the aforementioned provisions.

Pursuant to the same article 22, the exclusions from EU funding for up to five years is included as a sanction, however the wording of the text is not explicit with regard to the entity taking this decision. Consequently, the Romanian side would appreciate further clarifications on the subject.

- Implementing rules (**article 28**): Romania considers necessary to clarify the legal nature of the decision provided in article 28 and is in favor of the CZ delegation question regarding the possibility to adopt delegated acts.



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 17 September 2012

13842/12

**Interinstitutional File:
2012/0237 (COD)**

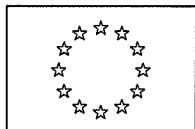
**INST 536
PE 416
FIN 662
CODEC 2154**

PROPOSAL

from:	European Commission
dated:	12 September 2012
No Cion doc.:	COM(2012) 499 final
Subject:	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

Delegations will find attached a proposal from the Commission, submitted under a covering letter from Mr Jordi AYET PUIGARNAU, Director, to Mr Uwe CORSEPIUS, Secretary-General of the Council of the European Union.

Encl.: COM(2012) 499 final



EUROPEAN COMMISSION

Brussels, 12.9.2012
COM(2012) 499 final

2012/0237 (COD)

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

EXPLANATORY MEMORANDUM

1. CONTEXT OF THE PROPOSAL

1.1. General context

The Treaty on European Union states in its Article 10 that "*political parties at European level contribute to forming European political awareness and to expressing the will of citizens of the Union*". Article 12(2) of the Charter of Fundamental Rights of the European Union expresses the same principle.

The right to freedom of association at all levels, for example in political and civic matters, and the right to freedom of expression, which includes the freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers, are fundamental rights of every citizen of the Union.

It is therefore in the interests of the citizens of the European Union that a European representative democracy can flourish. Truly transnational European political parties and political foundations are key to articulating the voices of the citizens at European level.

European political parties – and their affiliated political foundations – have an important role to play in bridging the gap between national and EU politics, and they fulfil important communicative functions by supporting the interaction between all levels of the Union's multi-tier governance system. Greater and more effective involvement of European political parties and foundations can serve to promote citizens' understanding of the connection between the political processes at the national and European levels and is one way of generating transnational public debates across Europe and encouraging the emergence of a European public sphere.

Furthermore, European political parties should be helped to develop their capacity to express and channel the will of citizens with respect to elected offices and other representative functions at the European level which are crucial for European representative democracy as a whole; they should therefore be encouraged, in the context of elections to the European Parliament, to raise citizens' awareness of the affiliations between them and their national political parties and candidates. This is particularly relevant following the entry into force of the Lisbon Treaty, which has consolidated the role of the European Parliament as full co-legislator alongside the Council. It is also an important contribution to increasing citizens' interest and voter turnout in European elections and to reinforcing the democratic legitimacy of the European Union.

1.2. Grounds for and objectives of the proposal

Nine years after the entry into force of Regulation (EC) No 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding¹, and five years after its revision in 2007², which, *inter alia*, introduced affiliated political foundations at European level within the scope of the Regulation, the Commission has conducted a

¹ OJ L 297, 15.11.2003, p. 1

² OJ L 343, 27.12.2007, p. 5.

comprehensive assessment of the current financing and regulatory framework of European political parties and foundations.

It has done so following the adoption, on the one hand, of a report by the Secretary General of the European Parliament (EP) on party funding at European level³, and, on the other hand, of the EP's resolution of 6 April 2011 on the application of Regulation (EC) No 2004/2003 (hereafter referred to as "the Giannakou report")⁴.

The Giannakou report, which represents the EP's evaluation report pursuant to Article 12 of Regulation (EC) No 2004/2003⁵, covers two main areas by:

- calling on the Commission to propose a statute for European political parties and political foundations, referring also to related issues of internal party democracy; and
- suggesting a number of changes linked to the funding regime applicable to the political parties and their affiliated political foundations, requesting stricter conditions for access to funding, on the one hand, and a more flexible system, on the other.

As part of its assessment of the existing rules governing European-level political parties and political foundations, the Commission has taken due consideration of the conclusions reached by the EP in the Giannakou report. It shares the view that European political parties and foundations have an important role to play to reinforce and foster representative democracy at EU level, and bridge the divide between EU politics and the Union's citizens.

This proposal for a Regulation aims, therefore, to encourage and assist the European political parties and their affiliated political foundations by creating conditions that allow them to grow and pursue their endeavour to reach out to European citizens, to represent and express their views and opinions, and to provide a stronger link between European civil society and the European institutions, in particular the European Parliament.

With regard to political foundations, it offers a specific legal, financial and regulatory framework adapted to their needs. This framework is separate from and different to the rules establishing a European legal form for European Foundations set out in the Commission proposal on the Statute for a European Foundation adopted on 8 February 2012⁶.

2. CONSULTATIONS WITH THE INTERESTED PARTIES

In preparing the current proposal, the Commission has been in close dialogue and consultation with relevant stakeholders. It has held several meetings at various levels specifically on this proposal with representatives of the political parties and foundations at European level, the

³ Report by the Secretary General on party funding at European level pursuant to Article 15 of the Decision of the Bureau of the European Parliament of 29 March 2004 laying down the procedures for implementing Regulation (EC) No 2004/2003 of the European Parliament and of the Council on the regulations governing political parties at European level and the rules regarding their funding – 18 October 2010.

⁴ A7-0062/2011

⁵ Article 12 reads: "The European Parliament shall publish, by 15 February 2011, a report on the application of the Regulation and the activities funded. The report shall indicate, where appropriate, possible amendments to be made to the funding system".

⁶ COM(2012) 35 final.

political groups in the EP, national and academic experts, the President of the EP, the EP's Secretary General, and the rapporteur of the EP's evaluation report.

All interested parties have provided important and regular input based on their experience and expertise with regard to the current rules governing the political parties and political foundations under both Regulation (EC) No 2004/2003 and the Financial Regulation.⁷

In particular, the European political parties and foundations were able to complement the EP's evaluation report by identifying the concrete difficulties they had faced over recent years and with proposals and recommendations for where improvements could be achieved; while national experts and academics have provided significant insight into rules pertaining to the status and funding of political parties at national level as well as into the likely impact on the Member States of the measures being considered by the Commission.

3. LEGAL ELEMENTS OF THE PROPOSAL

3.1. Legal basis

The proposal is based on Article 224 of the Treaty on the Functioning of the European Union, which states that *"the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall lay down the regulations governing political parties at European level referred to in Article 10(4) of the Treaty on European Union and in particular the rules regarding their funding"*.

This provision corresponds, in its essence, to the second subparagraph of Article 191 of the Treaty establishing the European Community, on which Regulation (EC) No 2004/2003 is based.

3.2. Subsidiarity and proportionality

The proposal fully complies with the **principle of subsidiarity**. The EU level is the only one at which rules governing the statute and funding of European political parties and European political foundations can be laid down. Although the existing Regulation governing the political parties and foundations has proved to be a good platform for both entities to gain a foothold and establish themselves on the European political landscape, a reform of the current regulatory and funding systems is now needed to allow them to fully meet the challenges of today (for example by creating European actors at the European level, or by allowing European political parties to carry over resources from one year to the next) and to adapt to the challenges of the future. In setting out possible reform measures, the Commission has been careful to reflect the principles contained in Declaration No 11 on Article 191 of the Treaty establishing the European Community annexed to the Final Act of the Treaty of Nice.⁸

⁷ Currently Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p. 1). This text will be replaced by a new Financial Regulation, which should enter into force on 1 January 2013.

⁸ Declaration n° 11 of the Nice Treaty: "The Conference recalls that the provisions of Article 191 do not imply any transfer of powers to the European Community and do not affect the application of the relevant national constitutional rules. The funding for political parties at European level provided out of the budget of the European Communities may not be used to fund, either directly or indirectly, political

The proposal does not go beyond what is necessary to achieve the long-term objective of developing and strengthening European democracy and the legitimacy of the EU institutions, by seeking to make European political parties and European political foundations more effective and accountable democratic actors. It therefore complies with the **principle of proportionality**. The proposal aims to create a new European legal form for both types of entities, but they would in most aspects of their practical activities continue to operate on the basis of a legal form recognised in the legal order of the Member State in which they have their seat.

The proposed action would tackle some of the most important obstacles the political parties and political foundations encounter in their day-to-day activities and management when operating in and across Member States, without, however, laying down an exhaustive set of rules applicable to them. For example, the proposal does not include any provisions on labour law or taxation (with the exception of rules related to the non-discrimination of cross-border donors and donations, where there is a clear European-level dimension). Except where explicitly provided for, the European political parties and the European political foundations would continue to be governed by national laws.

4. MAIN ELEMENTS OF THE PROPOSAL

The Commission proposes a package of complementary proposals to improve the funding and regulatory frameworks of the political parties and political foundations at European level: one proposal, the present one, intends to replace the current Regulation (EC) No 2003/2004, while a second, parallel proposal seeks to amend the Financial Regulation.

In the present proposal for a Regulation on the statute and funding of European political parties and European political foundations, the Commission is proposing a series of improvements to Regulation (EC) No 2004/2003. Their overarching objective is to increase the visibility, recognition, effectiveness, transparency and accountability of European political parties and foundations.

This proposal introduces a **European legal statute**. The European statute provides for the possibility to register as a European political party or a European political foundation and thus obtain a legal status based on EU law.

This new European legal personality, which will succeed any pre-existing national legal personality, will provide the European political parties with the recognition they require, and help them to tackle some of the long-standing obstacles they have faced. These include the diversity of national legal forms under which they have until now existed, which are generally ill-suited to the very specific tasks and objectives of European-level political parties, and the lack of public visibility and recognition that stem from this. A uniform legal status based on EU law is therefore crucial, and it will enable them to better accomplish the specific mission attributed to them by the Treaties.

The similar European legal statute for affiliated political foundations represents clear recognition of the crucial role they have in underpinning and complementing the activities of the European political parties, in particular by contributing to debates on European public

parties at national level. The provisions on the funding for political parties shall apply, on the same basis, to all the political forces represented in the European Parliament."

policy issues and European integration and by bringing together actors from different spheres and different levels from across the European Union.

Obtaining a European legal status will be conditioned on respecting high standards of governance, accountability and transparency. The specific conditions and requirements for obtaining a European legal status include strict respect for the values on which the EU is founded, and, in the case of political parties, satisfying minimum rules on internal party democracy.

Although it will be possible to register statutes as a European political party or as a European political foundation but not apply for **EU funding**, the opposite is not true. This means that recognition as a European political party or as a European political foundation, and therefore satisfying the conditions and requirements on which this is dependent, would be a pre-condition for eligibility for funding from the EU budget.

It is crucial to ensure that the conditions to become a European political party are not excessive but can be readily met by organised and serious transnational alliances of political parties and/or natural persons, thereby encouraging and supporting also the emergence of new European political parties. On the other hand, it is also necessary to establish objective criteria in order to allocate limited resources from the EU budget, and which should reflect the true European ambition of a European political party as well as genuine electoral support. Such a criterion is best sought in the outcome of elections to the European Parliament, which can provide a precise indication of the electoral recognition of a European political party, and identifies those parties that are in a position to fully participate in the democratic life of the EU and therefore to express the political will of the Union's citizens at the highest level. Therefore, as requested by the European Parliament in its resolution of 6 April 2011, and as recognition of the role the European Parliament has of directly representing the Union's citizens, assigned to it by Article 10(2) of the Treaty on European Union, the Commission is proposing that only those political parties – and, by extension, affiliated political foundations – that are represented in the European Parliament by at least one of their members should be entitled to receive EU funding.

The Commission is moreover proposing important changes to the mode of EU funding for European political parties and European political foundations. The proposed amendment of the Financial Regulation foresees the creation of a separate Title for the European political parties, which would no longer receive operating grants but *sui generis* contributions. The present proposal, together with the proposed revision of the Financial Regulation, will introduce a degree of necessary flexibility with respect to the working methods and activities of the political parties and political foundations, in particular by, *inter alia*, raising the pre-financing levels, reducing the co-financing requirements, and allowing the building up of reserves from own resources. In addition, the present proposal raises the level of donations permitted per year and per donor to foster the ability of the political parties and foundations to generate own resources.

In order to counterbalance the increased flexibility, a comprehensive and transparent regulatory and control framework is established, encompassing all aspects linked to the activities and financing of European political parties and their affiliated political foundations, covering all of their financial operations, irrespective of the source of funding. This framework reinforces reporting and transparency obligations, it strengthens the accounting and control mechanisms, and it introduces a new regime of proportionate administrative and

financial sanctions for breaches of the conditions of the Regulation, including breaches of the values on which the EU is founded.

5. BUDGETARY IMPLICATION

The EU funding provided to European political parties and European political foundations will continue to come from the budget of the European Parliament. The present proposal has no significant additional implications for the EU budget.

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

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 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 Committee⁹,

Having regard to the opinion of the Committee of the Regions¹⁰,

After consulting the European Court of Auditors¹¹,

After consulting the European Data Protection Supervisor¹²,

Acting in accordance with the ordinary legislative procedure,

Whereas:

- (1) Article 10(4) of the Treaty on European Union and Article 12(2) of the Charter of Fundamental Rights of the European Union state that political parties at European level contribute to forming European political awareness and to expressing the political will of citizens of the Union.
- (2) Articles 11 and 12 of the Charter of Fundamental Rights of the European Union state that the right to freedom of association at all levels, for example in political and civic matters, and the right to freedom of expression, which includes the freedom to hold opinions and to receive and impart information and ideas without interference by public authority and regardless of frontiers, are fundamental rights of every citizen of the Union.
- (3) European citizens should be enabled to use these rights to participate fully in the democratic life of the Union.

⁹ OJ C , , p. .

¹⁰ OJ C , , p. .

¹¹ OJ C , , p. .

¹² OJ C , , p. .

- (4) Truly transnational European political parties and their affiliated European political foundations have a key role to play in articulating the voices of citizens at European level by bridging the gap between politics at national and Union level.
- (5) European political parties and their affiliated European political foundations should be encouraged and assisted in their endeavour to provide a strong link between European civil society and the European institutions, in particular the European Parliament.
- (6) Experiences acquired by the European political parties and their affiliated European political foundations in applying Regulation (EC) No 2004/2003 of the European Parliament and of the Council of 4 November 2003 on the regulations governing political parties at European level and the rules regarding their funding¹³, and the legislative resolution on the application of Regulation (EC) No 2004/2003, adopted by the European Parliament on 6 April 2011¹⁴, show the necessity to improve the legal and financial framework for European political parties and their affiliated European political foundations to enable them to become more visible and effective actors in the multi-level political system of the Union.
- (7) As a recognition of the mission attributed to European political parties in the Treaty and in order to facilitate their work, a specific European legal status should be established for European political parties and their affiliated European political foundations, providing them with full legal capacity and recognition in all the Member States.
- (8) The procedures to be followed by European political parties and their affiliated European political foundations to obtain a European legal status pursuant to this Regulation should be laid down, as should the procedures and criteria to be respected in arriving at a decision on whether to grant such a European legal status. It is also necessary to lay down the procedures for cases where a European political party or a European political foundation may forfeit, lose or give up its European legal status.
- (9) The European political parties and the European political foundations should be governed by the substantive rules set out in this Regulation, and by national law in the Member States, in particular that of the Member State where they have their respective seat and for the purposes of which they should identify the appropriate legal form, which must correspond to a form of legal entity recognised in the legal order of that Member State.
- (10) European political parties and their affiliated European political foundations, which wish to obtain recognition as such at the European level through a 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 the values on which the European Union is founded, as set out in Article 2 of the Treaty on European Union and the Charter of Fundamental Rights of the European Union.

¹³ OJ L 297, 15.11.2003, p. 1.

¹⁴ OJ C , , p. .

- (11) Principles and minimum requirements for the governance and internal organisation of European political parties should be laid down, in particular to ensure a commitment to and respect for high standards of internal party democracy. The statutes of a European political party or a European political foundation should also contain a series of basic administrative and legal provisions.
- (12) Eligibility for funding from the general budget of the European Union should be limited to European political parties and their affiliated European political foundations that have been recognised as such and obtained a European legal status. While it is crucial to ensure that the conditions to become a European political party are not excessive but can be readily met by organised and serious transnational alliances of political parties or natural persons or both, it is also necessary to establish proportionate criteria in order to allocate limited resources from the EU budget, which objectively demonstrate the European ambition and genuine electoral support of a European political party. Such a criterion is best based on the outcome of elections to the European Parliament, in which the European political parties are required to participate under this Regulation, providing a precise indication of the electoral recognition of a European political party. It should reflect the role the European Parliament has of directly representing the Union's citizens, assigned to it by Article 10(2) of the Treaty on European Union, as well as the objective for European political parties to participate fully in the democratic life of the Union and to become active actors of Europe's representative democracy, in order to effectively express the views, opinions and political will of the citizens of the Union. Eligibility for funding from the general budget of the European Union should therefore be limited to European political parties which are represented in the European Parliament by at least one of their members and to European political foundations which apply through a European political party that is represented in the European Parliament by at least one of its members.
- (13) To increase the transparency of European political party funding, and in order to avoid potential abuse of the funding rules, a Member of the European Parliament should, for the purposes of funding only, be considered as a member of only one European political party, which should, where relevant, be the one to which his or her national or regional political party is affiliated on the final date for the submission of applications.
- (14) The procedures to be followed by European political parties and their affiliated European political foundations when they apply for funding from the general budget of the European Union should be laid down, as well as the procedures, criteria and rules to be respected in arriving at a decision on granting such funding.
- (15) In order to encourage a European political culture of independence, accountability and responsibility, certain types of donations and contributions to European political parties and European political foundations from sources other than the budget of the European Union should be prohibited or subject to limitations and reinforced transparency requirements.
- (16) Many Member States grant beneficial tax treatment to donations made to domestic political parties and political foundations both for the beneficiary and for the donors. Given the need to encourage the development of own resources of European political parties and European political foundations, it is important that this beneficial tax

treatment is also automatically available to European political parties, European political foundations and their donors, for donations made within or across borders.

- (17) European political parties should be able to finance campaigns conducted in the context of elections to the European Parliament, while the funding and limitation of election expenses for parties and candidates at such elections should be governed by the rules applicable in each Member State. In order to help raise the European political awareness of citizens of the Union and to promote the transparency of the European electoral process, European political parties should be encouraged to inform citizens during elections to the European Parliament of the ties between them and their affiliated national political parties and candidates.
- (18) European political parties should not fund, directly or indirectly, other political parties and in particular national parties or candidates. European political foundations should not fund, directly or indirectly, European or national political parties or candidates. Moreover, European political parties and their affiliated European political foundations should not finance national referenda campaigns. These principles reflect Declaration No 11 on Article 191 of the Treaty establishing the European Community annexed to the Final Act of the Treaty of Nice.
- (19) For reasons of transparency, and in order to strengthen the scrutiny and the democratic accountability of European political parties and European political foundations, information considered to be of substantial public interest, related notably to their statutes, membership, financial statements, donors and donations, [contributions] and grants received from the budget of the Union, as well as information related to decisions taken by the European Parliament on registration, funding and penalties, should be published. Establishing a regulatory framework to ensure that this information is publicly available is the most effective means of promoting a level playing field and fair competition between political forces, and of upholding open, transparent and democratic legislative and electoral processes, thereby strengthening the trust of citizens and voters in European representative democracy, and, more broadly, preventing corruption and abuses of power. In compliance with the principle of proportionality, the obligation to publish the identity of natural persons should not apply to those members of a European political party who have not given their express consent for publication or to donations equal to or below EUR 1 000 per year and per donor. Also in compliance with the principle of proportionality, information on donations should be published annually, except during election campaigns to the European Parliament or for donations exceeding EUR 12 000 where publication should take place expeditiously.
- (20) This Regulation respects the fundamental rights and observes the principles enshrined in the Charter of Fundamental Rights of the European Union, in particular Articles 7 and 8 thereof which state that everyone has the right to respect for his or her private life and to the protection of personal data concerning him or her, and it must be implemented in full respect of these rights and principles.
- (21) Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of

such data¹⁵ applies to the processing of personal data carried out by the European Parliament and the committee of independent eminent persons in application of this Regulation.

- (22) Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data¹⁶ applies to the processing of personal data carried out in application of this Regulation.
- (23) For the sake of legal certainty, it is appropriate to clarify that the European Parliament, the European political parties and European political foundations, the national authorities competent for exercising control over aspects related to the financing of European political parties and European political foundations, and other relevant third parties referred to or provided for in this Regulation are the data controllers within the meaning of Regulation (EC) No 45/2001 or Directive 95/46/EC. It is also necessary to specify the maximum period for which they may retain the personal data collected for the purposes of ensuring the legality, regularity and transparency of the funding of European political parties and European political foundations and the membership of European political parties. In their capacity as data controllers, the European Parliament, the European political parties and European political foundations, the competent national authorities and the relevant third parties need to take all the appropriate measures to comply with the obligations imposed by Regulation (EC) No 45/2001 and Directive 95/46/EC, in particular those relating to the lawfulness of the processing, the security of the processing activities, the provision of information and the rights of data subjects to have access to their personal data, as well as to procure the correction and erasure of their personal data.
- (24) The provisions of Chapter III of Directive 95/46/EC on judicial remedies, liability and sanctions apply as regards the data processing carried out in application of this Regulation. The competent national authorities or relevant third parties should be liable in accordance with applicable national law for any damage that they cause. In addition, Member States should ensure that the competent national authorities or relevant third parties are subject to appropriate penalties for infringements of this Regulation.
- (25) Specific rules and procedures shall be laid down for distributing the appropriations available each year from the general budget of the European Union, taking into account, on the one hand, the number of beneficiaries and, on the other, the share of elected members in the European Parliament of each beneficiary European political party and, by extension, its respective affiliated European political foundation. These rules shall provide for strict transparency, accounting, auditing and financial control of European political parties and their affiliated European political foundations, and auditing provisions by the European Parliament and the Court of Auditors as well as proportionate sanctions, including in the event of a breach by a European political party or a European political foundation of the values on which the Union is founded.
- (26) The European Parliament should verify regularly that the conditions and requirements related to the registration and funding of European political parties or European

¹⁵ OJ L 8, 12.1.2001, p. 1.

¹⁶ OJ L 281, 23.11.1995, p. 31.

political foundations continue to be met. This verification should be carried out annually, or following a motivated request by any natural or legal person. Decisions related to respect for the values on which the Union is founded should only be taken in accordance with a procedure specifically designed to this effect, and in consultation with a committee of independent eminent persons.

- (27) Technical assistance to be afforded by the European Parliament to European political parties should be guided by the principle of equal treatment, should be supplied against invoice and payment and shall be subject to a regular public report.
- (28) The application of key aspects of this Regulation should be presented on a dedicated website and examined in an annual report from the European Parliament which should be published.
- (29) The judicial control which falls within the jurisdiction of the Court of Justice of the European Union will help to ensure the correct application of this Regulation. Provisions should also be made for administrative appeal procedures.
- (30) Given the need for significant changes and additions to the rules and procedures currently applicable to European political parties and European political foundations, Regulation (EC) No 2004/2003 should be repealed,

HAVE ADOPTED THIS REGULATION:

CHAPTER I

GENERAL PROVISIONS

Article 1 *Subject matter*

This Regulation lays down the conditions governing the statute and funding of political parties at European level (hereinafter referred to as "European political parties") and political foundations at European level (hereinafter referred to as "European political foundations").

Article 2 *Definitions*

For the purposes of this Regulation:

- (1) 'political party' means an association of citizens which pursues political objectives,
- (2) 'political alliance' means structured cooperation between political parties and/or natural persons from different Member States,
- (3) 'European political party' means a 'political alliance' which pursues political objectives and is registered with the European Parliament in accordance with the conditions and procedures laid down in this Regulation,

- (4) 'European political foundation' means an entity which is formally affiliated with a European political party, has its statutes registered with the European Parliament in accordance with the conditions and procedures laid down in this Regulation, and which through its activities, within the aims and fundamental values pursued by the European Union, underpins and complements the objectives of the European political party by performing one or several of the following tasks:
- (a) observing, analysing and contributing to the debate on European public policy issues and on the process of European integration,
 - (b) developing activities linked to European public policy issues, such as organising and supporting seminars, training, conferences and studies on such issues between relevant stakeholders, including youth organisations and other representatives of civil society,
 - (c) developing cooperation in order to promote democracy, including in third countries,
 - (d) serving as a framework for national political foundations, academics, and other relevant actors to work together at European level,
- (5) 'regional Parliament' or 'regional assembly' means a body whose members either hold a regional electoral mandate or are politically accountable to an elected assembly,
- (6) 'funding from the general budget of the European Union' means a grant awarded in accordance with Title IV of Part One of Council Regulation (EC, EURATOM) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities¹⁷ (hereinafter 'the Financial Regulation') or a [contribution] awarded in accordance with [...] ¹⁸,
- (7) 'donation' means cash offerings and other donations in kind (goods or services) that constitute an economic advantage for the European political party or the European political foundation concerned.

¹⁷ OJ L 248, 16.9.2002, p. 1. *Reference to be updated once the new Financial Regulation has been formally adopted and published.*

¹⁸ *At the date of adoption of the present proposal, the College will also adopt a Commission working document on a proposal to amend the Financial Regulation introducing a new Title on the financing of European political parties by means of contributions. The introduction of 'contributions' for European political parties will be confirmed after the latter proposal has been adopted by the co-legislators.*

CHAPTER II

STATUTE FOR EUROPEAN POLITICAL PARTIES AND EUROPEAN POLITICAL FOUNDATIONS

Article 3 *Conditions for registration*

1. A political alliance, as defined in Article 2 point (2), shall be entitled to apply to register its statutes as a European political party with the European Parliament subject to the following conditions:
 - (a) it must have its seat in a Member State,
 - (b) it must be represented, in at least one quarter of the Member States, by Members of the European Parliament or in the national Parliaments, regional Parliaments or regional assemblies, or

it must have received, in at least one quarter of the Member States, at least three per cent of the votes cast in each of those Member States at the most recent elections to the European Parliament,
 - (c) it must observe, in particular in its programme and in its activities, and through those of its members, the values on which the European Union is founded, 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,
 - (d) it must have participated in elections to the European Parliament, or have expressed publicly the intention to participate in the next elections to the European Parliament,
 - (e) it must not pursue profit goals.
2. A political foundation shall be entitled to apply to register its statutes as a European political foundation with the European Parliament subject to the following conditions:
 - (a) it must be affiliated with a European political party recognised in accordance with the conditions and procedures laid down in this Regulation, as certified by the registered statutes of that party,
 - (b) it must have its seat in a Member State,
 - (c) it must observe, in particular in its programme and in its activities, the values on which the European Union is founded, 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,
 - (d) its objectives must complement the objectives of the European political party with which it is formally affiliated,

- (e) its governing body must be composed of members from at least one quarter of the Member States,
 - (f) it must not pursue profit goals.
3. A European political party can have only one formally affiliated European political foundation. The formal relationship between a European political party and its affiliated European political foundation must be stated in the statutes of both, in accordance with Articles 4(1) and 5. Each European political party and affiliated European political foundation must ensure a separation between the daily management and governing structures and the financial accounts of the European political party, on the one hand, and of its European political foundation, on the other hand.

Article 4

Governance and internal democracy of European political parties

1. The statutes of a European political party shall include administrative and legal provisions covering at least the following:
- (a) the name of the party, which must be clearly distinguishable, also in its short form, from that of any existing European political party,
 - (b) the address of its seat, which must be in one of the Member States,
 - (c) the legal form of the party, as recognised in the legal order of the Member State in which it has its seat,
 - (d) a written political programme setting out the purpose and objectives of the party,
 - (e) its adherence to the no-profit principle, without prejudice to Article 12(4),
 - (f) the name of its affiliated political foundation, where relevant, and a description of the formal relationship between them,
 - (g) information on the party's representation with respect to all acts of daily management, including legal representation,
 - (h) the administration and financial management of the party,
 - (i) the bodies or natural persons holding, in each of the Member States concerned, the power of legal representation, in particular for the purposes of the acquisition or disposal of movable and immovable property and of being a party to legal proceedings,
 - (j) the dissolution of the entity as a recognised European political party.
2. The statutes of a European political party shall include rules on internal party democracy covering at least the following:

- (a) the admission, resignation and exclusion of the party's members, with the list of members annexed to it,
- (b) the rights and duties associated with all types of membership, including the rules guaranteeing the representation rights of all members, be they natural or legal persons, and the relevant voting rights,
- (c) the functioning of a general assembly, at which the representation of all members must be ensured,
- (d) the democratic election of and democratic decision-making processes for all other governing bodies, specifying for each its powers, responsibilities and composition, and including the modalities for the appointment and dismissal of its members and clear and transparent criteria for the selection of candidates and the election of office-holders, whose mandate must be limited in time but may be renewable,
- (e) the party's internal decision-making processes, in particular the voting procedures and quorum requirements,
- (f) its approach to transparency, notably on books, accounts and donations, privacy and the protection of personal data,
- (g) the procedure for amending the statutes.

Article 5 *Governance of European political foundations*

The statutes of a European political foundation shall include provisions covering at least the following:

- (a) the name of the foundation, which must be clearly distinguishable, also in its short form, from that of any existing European political foundation,
- (b) the address of its seat, which must be in one of the Member States,
- (c) the legal form of the foundation, as recognised in the legal order of the Member State in which it has its seat,
- (d) a description of the purpose and objectives of the foundation, which must be compatible with the tasks listed in Article 2 point (4),
- (e) its adherence to the no-profit principle,
- (f) the name of the European political party with which it is directly affiliated, and a description of the formal relationship between them,
- (g) a list of the foundation's bodies, specifying for each its powers, responsibilities and composition, and including the modalities for the appointment and dismissal of its members and managers,
- (h) the administration and financial management of the foundation,

- (i) the bodies or natural persons holding, in each of the Member States concerned, the power of legal representation, in particular for the purposes of the acquisition or disposal of movable and immovable property and of being a party to legal proceedings,
- (j) the procedure for amending the statutes,
- (k) the dissolution of the entity as a recognised European political foundation.

Article 6

Registration

1. The European Parliament shall establish a registry (hereinafter referred to as 'the Registry') for the purposes of the registration of a European political party and a European political foundation.
2. In order to register its statutes, the political alliance, as defined in Article 2 point (2), or the political foundation affiliated with a European political party shall file an application with the European Parliament.
3. The application shall be accompanied by:
 - (a) documents proving that the applicant satisfies the conditions laid down in Article 3,
 - (b) the party or foundation statutes, which shall include, as required by Articles 4 and 5, the written political programme of the party or a description of the purpose and objectives of the foundation as well as the respective rules and provisions on governance and internal party democracy.
4. A political foundation may register its statutes with the Registry only through the European political party with which it is affiliated.
5. Within three months following the reception of the application for registration, the European Parliament shall adopt a decision, which it shall publish in the *Official Journal of the European Union*, together with the party or foundation statutes or, where an application has not been approved, the grounds for rejection.
6. Any amendments to the documents or statutes submitted as part of the application for registration in accordance with paragraph 3 shall be notified to the European Parliament within four weeks.
7. The updated list of members of a European political party, annexed to the party statutes in accordance with Article 4(2), shall be sent to the European Parliament on a yearly basis, but within four weeks of any changes following which the European political party may no longer satisfy the requirement in Article 3(1)(b).

Article 7
Verification of registration

1. The European Parliament shall verify annually that the conditions and requirements set out in Articles 3, 4 and 5 continue to be met by the European political parties and the European political foundations.

Where relevant, the timing of the annual verification referred to in this paragraph shall be aligned with the application procedure for funding set out in Article 13, in order for the Registry and the Authorising Officer to coordinate and exchange information as necessary.

2. Whenever requested to do so by one quarter of its members, representing at least three political groups in the European Parliament, the European Parliament shall decide by a majority of its members whether the condition in Article 3(1)(c) for a European political party and in Article 3(2)(c) for a European political foundation continues to be met.

Before reaching its decision, the European Parliament shall hear the representatives of the European political party or European political foundation concerned and ask a committee of independent eminent persons to give an opinion on the subject within a reasonable time period.

This committee shall consist of three members, with the European Parliament, the Council and the Commission each appointing one member within six months after the end of the first session of the European Parliament following elections to the European Parliament. The secretariat and funding of the committee shall be provided by the European Parliament.

3. Any natural or legal person may, at any moment, introduce a motivated request to the European Parliament to verify that one or more of the conditions and requirements referred to in paragraph 1 continue to be met. A breach of the values on which the Union is founded by a European political party, including its members, or a European political foundation can only be established in accordance with paragraph 2.
4. If the European Parliament finds that any of the conditions or requirements referred to in paragraph 1 are no longer satisfied, the provisions provided for in Article 11 or in Article 22 or in both shall apply, having due regard to the provisions of Article 23.
5. A European political foundation shall automatically forfeit its status if the European political party with which it is affiliated is removed from the Registry. The Authorising Officer responsible shall reduce the amount of or terminate the contribution or grant agreement or decision on Union funding received under this Regulation, and recover amounts unduly paid under the contribution or grant agreement or decision as well as any unspent Union funding at the date of the decision adopted on the basis of Article 11.

CHAPTER III

LEGAL STATUS OF EUROPEAN POLITICAL PARTIES AND EUROPEAN POLITICAL FOUNDATIONS

Article 8 *Legal personality*

The European political party and the European political foundation shall have legal personality, which it shall acquire on the date on which it is entered in the Registry in accordance with Article 6.

Article 9 *Legal recognition and capacity*

The European political party and the European political foundation shall have full legal recognition and capacity in all Member States.

Article 10 *Applicable law*

1. The European political party and the European political foundation shall be governed by this Regulation and, where expressly authorised by this Regulation, by the provisions of their respective statutes.
2. For matters not regulated by this Regulation or, where matters are partly regulated by it, for those aspects not covered by it, the European political party and the European political foundation shall be governed in the Member State in which it has its seat by those national laws applicable to the legal form referred to in the party or foundation statutes. Activities carried out by the European political party and the European political foundation in other Member States shall be governed by the relevant national laws of those Member States.

Article 11 *Termination of European legal status and winding up*

1. A European political party or a European political foundation shall forfeit or give up its status and cease to have European legal personality in one of the following cases:
 - (a) its governing body decides to wind up the European political party or the European political foundation,
 - (b) its governing body decides to convert the European political party or the European political foundation into a legal entity recognised in the legal order of a Member State,

- (c) a European political party no longer meets the requirements in Article 3(1)(b) following changes to its membership or following elections to the European Parliament,
 - (d) it is removed from the Registry pursuant to the provisions in Article 22(1) or (4) or in accordance with Article 7(5).
- 2. The European Parliament shall adopt a decision on the termination of the European legal status and the removal from the Registry.
- 3. A European political party or a European political foundation in one of the cases provided for under paragraph 1 points (a), (b) or (c) shall have any ongoing decision on Union funding received under this Regulation withdrawn or any ongoing agreement on such funding terminated and any unspent Union funding recovered, including any unspent Union funds from previous years.
- 4. Winding up, insolvency, cessation of payments and similar procedures shall be governed by the legal provisions which apply to the legal form referred to in the statutes of the European political party or the European political foundation in the Member State in which it has its seat.

CHAPTER IV

FUNDING PROVISIONS

Article 12

Funding conditions

- 1. A European political party registered in accordance with the conditions and procedures laid down in this Regulation, which is represented in the European Parliament by at least one of its members, and which is not in one of the situations of exclusion referred to in Article [93] of the Financial Regulation may apply for funding from the general budget of the European Union, in accordance with the terms and conditions published by the European Parliament in a call for [contributions].
- 2. A European political foundation which is affiliated with a European political party eligible to apply for funding under paragraph 1, is registered in accordance with the conditions and procedures laid down in this Regulation, and which is not in one of the situations of exclusion referred to in Article [93] of the Financial Regulation may apply for funding from the general budget of the European Union, in accordance with the terms and conditions published by the European Parliament in a call for proposals.
- 3. For the purposes of determining eligibility for funding from the general budget of the European Union in accordance with paragraph 1 and Article 3(1)(b), and for the application of the provisions in Article 14(1), a Member of the European Parliament shall be considered as a member of only one European political party, which shall, where relevant, be the one to which his or her national or regional political party is affiliated on the final date for the submission of applications.

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

Article 13
Application for funding

1. 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 of Article 12(1) or (2), shall file an application with the European Parliament each year following a call for [contributions] or proposals.
2. The European political party and the European political foundation must, at the time of its application, comply with the obligations listed in Article 19, and, from the date of application until the end of the financial year covered by the [contribution] or grant, remain registered in the Registry and not be the subject of any of the penalties foreseen in Article 22.
3. A European political foundation shall include in its application its annual work programme.
4. The Authorising Officer responsible shall adopt a decision within three months after closure of the call for [contributions] or call for proposals, and authorise and manage the corresponding appropriations, in accordance with the Financial Regulation.
5. A European political foundation may apply for funding from the general budget of the European Union only through the European political party with which it is affiliated.

Article 14
Award criteria and distribution of funding

1. The respective appropriations available to the European political parties and the European political foundations which have been awarded [contributions] or grants in accordance with Article 13 shall be distributed annually on the basis of the following distribution key:
 - 15 % shall be distributed in equal shares,
 - 85 % shall be distributed in proportion to their share of elected members of the European Parliament among the beneficiary European political parties.

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.

2. The distribution referred to in paragraph 1 shall be based on the number of elected members in the European Parliament who are members of the applicant European political party on the final date for the submission of applications, taking into account the provisions of Article 12(3).

After this date, any changes to the number shall not affect the respective share of funding between European political parties or European political foundations. This is without prejudice to the requirement in Article 12(1) for the European political party to be represented in the European Parliament by at least one of its members.

Article 15

Donations and contributions

1. European political parties and European political foundations may accept donations from natural or legal persons of up to a value of EUR 25 000 per year and per donor, without prejudice to paragraph 5.
2. European political parties and European political foundations shall, at the time of the submission of their annual financial statements to the European Parliament in accordance with Article 19, also transmit a list of all donors with their corresponding donations, indicating both the nature and the value of the individual donations. This paragraph shall also apply to the contributions made by members referred to in paragraphs 7 and 8.
3. Donations received by the European political parties and European political foundations within six months prior to elections to the European Parliament shall be reported on a weekly basis to the European Parliament in writing and in accordance with the provisions of paragraph 2.
4. Single donations exceeding a value of EUR 12 000 that have been accepted by the European political parties and European political foundations shall be immediately reported to the European Parliament in writing and in accordance with the provisions of paragraph 2.
5. A European political party and a European political foundation shall not accept:
 - (a) anonymous donations or contributions,
 - (b) donations from the budgets of political groups in the European Parliament,
 - (c) donations from any undertaking over which the public authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it,
 - (d) donations from any public authority from a third country, including from any undertaking over which the public authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it.

6. Any donation that is not permitted under this Regulation shall within 30 days following the date it is received by the European political party or the European political foundation:
 - be returned to the donor or any person acting on the donor's behalf, or,
 - when it is not possible to return it, be reported to the European Parliament. The Authorising Officer shall proceed to the establishment and authorisation of the recovery order in accordance with the provisions laid down in Articles [71] and [72] of the Financial Regulation. The funds shall be entered as general revenue in the European Parliament section of the Budget.
7. Contributions to a European political party from its members shall be admissible. These contributions shall not exceed 40 % of the annual budget of that European political party.
8. Contributions to a European political foundation from its members, as well as from European political parties, shall be admissible. These contributions shall not exceed 40 % of the annual budget of that European political foundation and may not derive from funds received by a European political party pursuant to this Regulation from the general budget of the European Union.

The burden of proof shall rest with the European political party concerned, which shall clearly indicate in its accounts the origin of funds used to finance its affiliated European political foundation.

Article 16

Non-discriminatory tax treatment of donations and donors

1. Any European political party or European political foundation that receives a donation from within or across borders shall benefit from the same tax treatment that is applicable to donations made to a political party or political foundation that has its seat in the Member State concerned.
2. Any natural or legal person donating to a European political party or European political foundation within or across borders shall benefit from the same tax treatment that is applicable to donations made to a political party or political foundation that has its seat in the Member State where the donor is resident for tax purposes.
3. For the purposes of paragraphs 1 and 2, the European political party and the European political foundation shall be regarded as equivalent, respectively, to a political party and a political foundation established pursuant to the law of the Member States concerned.

Article 17

Financing of campaigns in the context of elections to the European Parliament

1. The funding of European political parties from the general budget of the European Union or from any other source may be used to finance campaigns conducted by the

European political parties in the context of the elections to the European Parliament, in which they participate as required in Article 3(1)(d).

In accordance with Article 8 of the Act concerning the election of the members of the European Parliament by direct universal suffrage¹⁹, the funding and limitation of election expenses for all parties and candidates at elections to the European Parliament is governed in each Member State by national provisions.

2. Expenditure linked to campaigns conducted in the context of elections to the European Parliament shall be clearly identified as such by the European political parties in their annual financial statements.
3. European political parties shall, in the context of the elections to the European Parliament, take all appropriate measures to inform citizens of the Union of the affiliations between national political parties and candidates and the European political parties.

Article 18 *Prohibition of funding*

1. The funding of European political parties from the general budget of the European Union or from any other source shall not be used for the direct or indirect funding of national, regional or local elections or other political parties, and in particular national political parties or candidates.
2. The funding of European political foundations from the general budget of the European Union or from any other source shall not be used for any other purpose than for financing their tasks as defined in Article 2 point (4) and to meet expenditure directly linked to the objectives set out in their statutes according to Article 5. It shall in particular not be used for the direct or indirect funding of European, national, regional or local elections, political parties, candidates or foundations.
3. The funding of European political parties and European political foundations from the general budget of the European Union or from any other source shall not be used to finance national, regional or local referenda campaigns.

CHAPTER V **CONTROL AND TRANSPARENCY**

Article 19 *Accounts and reporting obligations*

1. At the latest within six months following the end of the financial year, European political parties and European political foundations shall submit to the Registry and to the competent national authorities in the Member States:

¹⁹ OJ L 278, 8.10.1976, p. 5.

- (a) their annual financial statements and accompanying notes, covering the revenue and expenditure, and assets and liabilities at the beginning and at the end of the financial year, according to the law applicable in the Member State in which they have their seat,
 - (b) an external audit report on the annual financial statements, covering both the reliability of these annual financial statements and the legality and regularity of their revenue and expenditure, carried out by an independent body or expert authorised to audit accounts under the law applicable in the Member State in which they have their seat,
 - (c) the list of donors and their corresponding donations reported in accordance with Article 15(2), (3) and (4).
2. Where expenditure is executed by European political parties jointly with national political parties or by European political foundations jointly with national political foundations, and with other organisations, evidence of the expenditure incurred by the European political parties or the European political foundations directly or through these third parties shall be included in the annual financial statements referred to in paragraph 1.
 3. The information referred to in paragraph 1 shall be published in accordance with Article 24.

Article 20
Implementation and control

1. Appropriations for the funding of European political parties and European political foundations shall be determined under the annual budgetary procedure and shall be implemented in accordance with the Financial Regulation.

The terms and conditions for [contributions] and grants shall be laid down by the Authorising Officer in the call for [contributions] and the call for proposals.
2. Control of funding received from the general budget of the European Union shall be exercised in accordance with the Financial Regulation.

Control shall also be exercised on the basis of annual certification by an external and independent audit, as provided for in Article 19(1).
3. The competent national authorities in the Member State in which the European political parties and European political foundations have their respective seat shall, in accordance with Article 10(2), exercise control over the funding received from sources other than the budget of the European Union, and all expenditure. Such control shall be exercised in cooperation with the European Parliament and the competent national authorities in other Member States.

The national authorities and the European Parliament shall agree practical arrangements in order to share information on the European political parties and the European political foundations.

4. Any document or information required by the Court of Auditors to carry out its task shall be supplied to it at its request by the European political parties and the European political foundations that receive funding in accordance with this Regulation.
5. The [contribution] and grant award decision or agreement shall expressly provide for auditing by the European Parliament and the Court of Auditors, on the basis of records and on the spot, of the European political party which has received a [contribution] or the European political foundation which has received a grant from the general budget of the European Union.
6. The Court of Auditors and the Authorising Officer, or any other external body authorised by the Authorising Officer, may carry out the necessary checks and verifications on the spot in order to verify the legality of expenditure and the proper implementation of the provisions of the [contribution] and grant award decision or agreement, and, in the case of European political foundations, the proper implementation of the work programme. The beneficiary shall supply any document or information needed to carry out this task.
7. The European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, in accordance with the provisions and procedures laid down in Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)²⁰ and Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities²¹ with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union in connection with [contributions] or grants under this Regulation. If appropriate, the findings may give rise to recovery decisions by the European Parliament.

Article 21 *Technical support*

All technical support from the European Parliament to European political parties shall be based on the principle of equal treatment. It shall be granted on conditions no less favourable than those granted to other external organisations and associations that may be accorded similar facilities and shall be supplied against invoice and payment.

In accordance with Article 24, the European Parliament shall publish details of the technical support provided to each European political party in an annual report, within three months following the end of the financial year.

²⁰ OJ L 136, 31.5.1999, p. 1.

²¹ OJ L 292, 15.11.1996, p. 2.

Article 22
Penalties

1. If the European Parliament finds, in accordance with Article 7(2), that a European political party or a European political foundation has failed to respect the values on which the Union is founded or has been the subject of a judgement which has the force of *res judicata* for illegal activities detrimental to the financial interests of the Union as defined in Article [93(1)(e)] of the Financial Regulation, or that a European political party has failed to respect the minimum rules on internal democracy required by Article 4(2), the European political party or the European political foundation in question may be removed from the Registry, forfeit its status in accordance with Article 11, and have any ongoing decision on Union funding received under this Regulation withdrawn or any ongoing agreement on such funding terminated and any Union funding recovered, including any unspent Union funds from previous years.
2. The European Parliament shall impose on a European political party or a European political foundation a fine according to a scale determined by it:
 - (a) in the event of failure to satisfy any of the conditions and requirements laid down in Articles 3, 4 or 5 not covered by paragraph 1 and which are not the result of changes to the membership of a European political party or elections to the European Parliament,
 - (b) in the event of failure to provide the notification laid down in Article 6(6) and (7) or if the European Parliament finds that the European political party or the European political foundation has at any moment intentionally provided incorrect or misleading information,
 - (c) if any of the bodies authorised by this Regulation to audit or conduct checks on the beneficiaries of funding from the general budget of the European Union detect inaccuracies in the annual financial statements,
 - (d) in the event of failure to transmit to the European Parliament the list donors and their corresponding donations in accordance with Article 15(2) or to report donations in accordance with Article 15(3) and (4),
 - (e) if a European political party or a European political foundation has accepted donations that are not permitted according to Article 15(5) or has not reported such donations as required by Article 15(6).
3. When setting the amount of a fine imposed on a European political party or a European political foundation pursuant to paragraph 2, the European Parliament shall take into account the gravity, duration and, where relevant, recurrence of the infringement, the time that has elapsed, the intention or degree of negligence, and any measures taken to comply with the conditions and requirements of this Regulation. Any fine must be effective and dissuasive, and may not exceed 10% of the annual budget of the European political party or the European political foundation in question corresponding to the year in which the sanction is imposed.
4. A European political party or a European political foundation which, following an infringement described in paragraph 2 point (a), fails to introduce the measures

requested by the European Parliament to remedy the situation, despite having been given the opportunity to do so pursuant to Article 23, may be removed from the Registry and forfeit its status in accordance with Article 11, and have any ongoing decision on Union funding received under this Regulation withdrawn or any ongoing agreement on such funding terminated and any Union funding recovered, including any unspent Union funds from previous years.

5. A European political party or a European political foundation which is the subject of a penalty imposed on it on the basis of the infringements listed in paragraph 2 shall no longer be in compliance with Article 13(2). As a result, the Authorising Officer responsible shall reduce the amount of or terminate the contribution or grant agreement or decision on Union funding received under this Regulation, and recover amounts unduly paid under the contribution or grant agreement or decision, including any unspent Union funds from previous years.
6. A European political party or a European political foundation may, in addition, be excluded from funding for up to five years in cases of grave professional misconduct established by the Authorising Officer in accordance with Article [93(1)(c)] of the Financial Regulation.
7. The penalties imposed pursuant to this Article shall apply to all European political parties and European political foundations irrespective of whether they receive Union funding. The Authorising Officer responsible may impose administrative and/or financial penalties in accordance with Article [96(2)] of the Financial Regulation and Article [145] of its Rules of Application on any European political party or European political foundation that is in one of the cases referred to in Article [96(1)] of the Financial Regulation not covered by the paragraphs above.

Article 23

Hearings and corrective measures

1. Before taking a final decision related to any of the penalties in Article 22, the European Parliament shall give the European political party or the European political foundation concerned the opportunity to present its observations and, where relevant and appropriate, to introduce the measures required to remedy the situation within a reasonable time period.
2. If the European Parliament considers it necessary, it may hear other natural or legal persons, including any complainants referred to in Article 7(3).

CHAPTER VI FINAL PROVISIONS

Article 24

Transparency

1. The Registry shall publish on a website created for the purpose the following:

- (a) the names and statutes of all registered European political parties and European political foundations, together with the documents submitted as part of the application for registration in accordance with Article 6(3), at the latest four weeks after the European Parliament has adopted its decision and, beyond this date, any amendments notified to the European Parliament pursuant to Article 6(6) and (7),
 - (b) a list of those applications that have not been approved, together with the documents submitted as part of the application for registration in accordance with Article 6(3) and the grounds for rejection, at the latest four weeks after the European Parliament has adopted its decision,
 - (c) an annual report with a table of the amounts paid to each European political party and European political foundation, for each financial year for which [contributions] have been received or grants have been paid from the general budget of the European Union,
 - (d) the annual financial statements and external audit reports referred to in Article 19(1), and, for the European political foundations, the final reports on the implementation of the work programmes,
 - (e) the names of donors and their corresponding donations reported by the European political parties and European political foundations in accordance with Article 15(2), (3) and (4), with the exception of donations from natural persons not exceeding a value of EUR 1 000 per year and per donor which shall be reported as "minor donations",
 - (f) the contributions referred to in Article 15(7) and (8) and reported by the European political parties and European political foundations in accordance with Article 15(2), including also the identity of the members who have made the contributions, with the exception of those contributions from natural persons not exceeding a value of EUR 1 000 per year and per member which shall be reported as "minor contributions",
 - (g) the details of and reasons for any final decisions taken by the European Parliament pursuant to Article 22, including, where relevant, the opinions adopted by the committee of independent eminent persons in accordance with Article 7(2), having due regard to the provisions of Regulation (EC) No 45/2001,
 - (h) the technical support provided to European political parties in accordance with Article 21,
 - (i) the provisions for the implementation of this Regulation as referred to in Article 28,
 - (j) the evaluation report of the European Parliament on the application of this Regulation and the activities funded as referred to in Article 27.
2. From the list of members of a European political party, annexed to the party statutes in accordance with Article 4(2) and updated in accordance with Article 6(7), the European Parliament shall publish the total number of members, the identity of the legal persons that are members, as well as the names of those natural persons who have given their express written consent to their publication. European political parties shall request this consent as a matter of course from all natural persons who are members.

3. European political parties and European political foundations shall, in a publicly available privacy statement, provide potential members and donors with the information required by Article 10 of Directive 95/46/EC and inform them that their personal data may be made public and may be processed for auditing and control purposes by the European Parliament, OLAF, the Court of Auditors, competent national authorities, and external bodies or experts authorised by these. The European Parliament, in application of Article 11 of Regulation (EC) 45/2001, shall include the same information in the calls for [contributions] or proposals referred to in Article 13(1).

Article 25
Protection of personal data

1. In processing personal data pursuant to this Regulation, the European Parliament and the committee referred to in Article 7(2) shall comply with Regulation (EC) No 45/2001. For the purposes of the processing of personal data, they shall be considered as data controllers in accordance with Article 2(d) of Regulation (EC) No 45/2001.
2. In processing personal data pursuant to this Regulation, the European political parties and the European political foundations, the national authorities competent for exercising control over aspects related to the financing of European political parties and European political foundations in accordance with Article 20(3) and the independent bodies or experts authorised to audit accounts in accordance with Article 19(1) shall comply with Directive 95/46/EC and the national provisions adopted pursuant thereto. For the purposes of the processing of personal data, they shall be considered as data controllers in accordance with Article 2(d) of Directive 95/46/EC.
3. The European Parliament and the committee referred to in Article 7(2) shall ensure that personal data collected by them pursuant to this Regulation are not used for any purpose other than to ensure the legality, regularity and transparency of the funding of European political parties and European political foundations and the membership of European political parties. They shall destroy those personal data at the latest 24 months after publication of the relevant parts in accordance with Article 24.
4. The competent national authorities and independent bodies or experts authorised to audit accounts shall use the personal data they receive only in order to exercise control over the financing of European political parties and European political foundations. They shall destroy those personal data in accordance with applicable national law after transmitting it to the European Parliament pursuant to Article 20(3).
5. Personal data may be retained beyond the time limits laid down in paragraph 3 or foreseen by the applicable national law referred to in paragraph 4 if necessary for the purposes of legal or administrative proceedings relating to the funding of a European political party or a European political foundation or the membership of a European political party. All such personal data shall be destroyed at the latest one week after the date of conclusion of the said proceedings by a final decision, or after any audits, appeals, litigation or claims have been disposed of.

6. The data controllers referred to in paragraphs 1 and 2 shall implement appropriate technical and organisational measures to protect personal data against accidental or unlawful destruction or accidental loss, alteration, unauthorised disclosure or access, in particular where the processing involves the transmission of data over a network, and against all other unlawful forms of processing.
7. The European Data Protection Supervisor shall be responsible for monitoring and ensuring that the European Parliament and the committee referred to in Article 7(2) respect and protect the fundamental rights and freedoms of natural persons in the processing of personal data pursuant to this Regulation. Without prejudice to any judicial remedy, every data subject may lodge a complaint with the European Data Protection Supervisor if he or she considers that his or her right to the protection of their personal data has been infringed as a result of the processing of this data by the European Parliament or the committee.
8. The European political parties and the European political foundations, the competent national authorities and the independent bodies or experts authorised to audit accounts under this Regulation shall be liable in accordance with applicable national law for any damage they cause in the processing of personal data pursuant to this Regulation. The Member States shall ensure that they are subject to effective, proportionate and dissuasive penalties for infringements of this Regulation, Directive 95/46/EC and the national provisions adopted pursuant thereto, and in particular for the fraudulent use of personal data.

Article 26
Right of appeal

1. The European Parliament shall provide for administrative appeal procedures in relation to any decisions linked to the registration of statutes, funding or penalties.
2. Administrative appeal procedures shall not have suspensory effect. The European Parliament may, however, if it considers that circumstances so require, suspend the application of any decision it has taken.
3. Decisions taken pursuant to this Regulation may be the subject of court proceedings before the Court of Justice of the European Union, in accordance with the relevant provisions of the Treaty on the Functioning of the European Union.

Article 27
Evaluation

The European Parliament shall publish by 1 July of the third year following elections to the European Parliament a report on the application of this Regulation and the activities funded. The report shall indicate, where appropriate, possible amendments to be made to the statute and funding systems.

Article 28
Implementing rules

The European Parliament shall adopt a Decision laying down the rules and procedures for implementing this Regulation, including for the establishment of the Registry.

Article 29
Repeal

Regulation (EC) No 2004/2003 is repealed from the date of entry into force of this Regulation.

Article 30
Entry into force and application

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

It shall apply from 1 July 2013.

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

Done at Brussels,

For the European Parliament
The President

For the Council
The President