Assembly of the Republic

EUROPEAN AFFAIRS COMMITTEE

Opinion

COM (2016)461

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 345/2013 on European venture capital funds and Regulation (EU) No 346/2013 on European social entrepreneurship funds [COM(2016)461]

PART I - INTRODUCTION

Pursuant to Article 7 of Law 43/2006 of 25 August 2006 on the monitoring, examination and issuing of opinions by the Assembly of the Portuguese Republic in the context of the process of EU integration, as amended by Law 21/2012 of 17 May 2012, and in accordance with the Guidelines for the Scrutiny of EU Initiatives approved on 1 March 2016, the European Affairs Committee received a Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 345/2013 on European venture capital funds and Regulation (EU) No 346/2013 on European social entrepreneurship funds [COM(2016)461].

In view of its subject matter, the initiative in question was sent to the Employment and Social Security Committee, which has examined it and approved the report attached to this Opinion, which forms an integral part thereof.

PART II - RECITALS

1 - The initiative in question is intended to amend Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds[1] and Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds[2], with a view to making changes to their legal framework and thus ensuring more effective operation and safeguarding social investment.

2 - Against this backdrop it is thus important to note that the initiative in question follows on from the Investment Plan for Europe, which contemplates a comprehensive strategy to promote jobs, growth and investment in Europe, a key strand of which is the Capital Markets Union (CMU) Action Plan.

3 3 - Consequently, this initiative observes that "the Investment Plan for Europe[3] [4]provides a comprehensive strategy to promote jobs, growth and investment. A key strand of the Investment Plan is the Capital Markets Union ("CMU") Action Plan, which aims to reduce fragmentation in the capital markets, remove regulatory barriers to the financing of the economy and increase the supply of capital to businesses through establishing a genuine single capital market.

The Investment Plan for Europe aims to further mobilise additional private investment using public funds through the European Fund for Strategic Investment ("EFSI")[5]. In this framework, to catalyse private investment into venture capital markets in Europe, a Pan-European fund-of-funds investing in European venture capital is also being established. This will combine private sector capital with support from the EU to attract capital from major institutional investors to the European venture capital asset class and boost the impact of EU support for the European venture capital industry".

4 - It is also noted that the European venture capital funds ("EuVECA") and European social entrepreneurship funds ("EuSEF") fund structures were created to offer new opportunities for market participants to raise and invest capital in innovative small and medium-sized enterprises ("SMEs") and social undertakings throughout Europe.

SMEs are of great importance to the economy of the Union, as a sector that can generate real growth and returns. While EuVECA funds support young and innovative companies, EuSEF funds focus on enterprises whose aim is to achieve positive social impact.

5 5 - The initiative further states that in order to promote new areas of growth and move towards an innovation-led economy, there is a need to strengthen new avenues of financing to support start-ups, innovative SMEs and social enterprises.

The gap in such funding has been cited repeatedly as an obstacle that needs to be addressed in order to promote economic growth in the Union.

In this context, the European Commission notes that in 2014 around 90% of all EU venture capital

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[1] Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (OJ L 115, 25.4.2013, p.1).

[2] Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (OJ L 115, 25.4.2013, p. 18).

[3] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment bank: An Investment Plan for Europe (COM(2014)0903 final).

[4] Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Action Plan on Building a Capital Markets Union (COM(2015)468 final).

[5] Regulation (EU) 2015/1017 of the European Parliament and of the Council of 25 June 2015 on the European Fund for Strategic Investments, the European Investment Advisory Hub and the European Investment Project Portal and amending Regulations (EU) No 1291/2013 and (EU) No 1316/2013 — the European Fund for Strategic Investments (OJ L 169, 1.7.2015, p. 1).

investments were concentrated in eight Member States: UK, Germany, Sweden, Denmark, Finland, the Netherlands, France and Spain. But even in these more developed markets, venture capital represents less than 0.1 % of GDP.

6 - The European Commission goes on to state that this initiative is a key part of the CMU Action Plan, helping to diversify funding sources and unlock capital by making it easier for investors, fund managers and portfolio undertakings to benefit from EuVECA and EuSEF funds.

7 - It must also be noted that this initiative builds on a number of public consultations, namely a public consultation launched by the Building a Capital Markets Union Green Paper (18 February 2015 to 13 May 2015), a public consultation on the review of Regulation (EU) 345/2013 and Regulation (EU) 346/2013 (30 September 2015 to 6 January 2016), a public consultation launched by the Call for evidence: EU regulatory framework for financial services (30 September 2015 to 31 January 2016), and a targeted technical workshop (27 January 2016).

The Commission has therefore submitted this initiative on the basis of the results of the public consultation.

8 - It must also be mentioned that the initiative under discussion respects fundamental rights and observes the principles recognised by the Charter of Fundamental Rights of the European Union. The initiative is in line with Article 16 on freedom to conduct a business as it opens up marketing of funds under EuVECA and EuSEF labels to other regulated managers.

9 - Lastly, it should be noted that the Report submitted by the Committee on Labour and Social Security was approved and fully reflects the content of the initiative.

It must therefore be considered to have been reproduced in full in this Opinion in order to avoid repetition of analysis and consequent redundancy.

In the light of the provisions contained in the Proposal, the following must be considered:

a) Legal basis

The legal basis for this proposal is Article 114 TFEU.

b) Principle of subsidiarity

Since the objective of this initiative, namely to further strengthen an internal market for qualifying venture capital funds and qualifying social entrepreneurship funds by strengthening the use of ‘EuVECA’ and ‘EuSEF’ labels, cannot be sufficiently achieved by the Member States and can therefore, by reason of its scale and effects, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union.

Consequently, the principle of subsidiarity is duly enforced and respected.

It should also be noted that in accordance with the principle of proportionality, this initiative does not go beyond what is necessary in order to achieve the objectives pursued, in accordance with Article 5(4) of the Treaty on European Union.

PART III - RAPPORTEUR'S OPINION

This initiative falls within the general scope of the Capital Markets Union ("CMU") Action Plan, which aims to help to reduce fragmentation in the capital markets, remove regulatory barriers to the financing of the economy and increase the supply of capital to businesses through establishing a genuine single capital market.

Following the introduction of the Alternative Investment Fund Managers Directive in 2011 a new regulatory initiative was launched in 2013, aimed specifically at venture capital funds and social entrepreneurship funds with the objective of simplifying and increasing the flexibility of the instruments governing them, Regulation (EU) No 345/2013 and Regulation (EU) No 346/2013. In fact, this initiative recognised the important role played by venture capital funds in the financing of young and innovative companies and by social entrepreneurship funds in enterprises aiming to achieve positive social impact in their surrounding communities.

The new legislation created two European “passports”, the European venture capital funds ("EuVECA") and European social entrepreneurship funds ("EuSEF"), enabling institutions that hold them to work throughout the European Union and have access to new opportunities to raise and invest capital in innovative small and medium-sized enterprises ("SMEs") and social undertakings throughout the region.

The legislation thus has a dual objective: not only to facilitate investment throughout the European Union, ensuring that enterprises with viable investment projects can obtain the financing they need with relative ease, but also to facilitate access to funds specifically geared towards more innovative and risk projects that work more towards the good of society in general.

With this initiative, the European Parliament and the Council decided to anticipate the revision of the 2013 Regulations planned for 2017, including the results of a public consultation. The main changes entail:

- **Expanding the definition of qualifying portfolio undertakings in Regulation (EU) 345/2013**
- **Maintaining the €100,000 minimum investment**
- **Amending the explicit provisions in Regulation (EU) 345/2013 and Regulation (EU) 346/2013 to avoid burdensome administrative processes and additional measures (including fees imposed by host Member States) and non-proportionate requirements imposed by home Member States.**

Venture capital funds and social entrepreneurship funds have a fundamental role in financing projects for the community as a whole – such financing is not normally provided by the more traditional funding sources such as banks. We therefore attach great importance to these efforts to increase the efficiency of movements of capital between European Union countries in these specific areas.

PART IV – OPINION

In the light of the information set out above and the report of the relevant committee, the European Affairs Committee's opinion is as follows:

1 - This initiative is not in breach of the principle of subsidiarity, in so far as the objective pursued will be achieved more effectively by means of action at Union level.

2 - This concludes the scrutiny of this initiative.

Palácio de S. Bento, 12 October 2016

The Rapporteur	The President of the Committee
(Inês Domingos)	(Regina Bastos)

PART V – ANNEX

Report from the Labour and Social Security Committee

Assembly of the Republic

Labour and Social Security Committee

Report from the Labour and Social Security Committee **COM(2016)461 final**	**Rapporteur:** Maria das Mercês Borges (PSD)

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 345/2013 on European venture capital funds and Regulation (EU) No 346/2013 on European social entrepreneurship funds.

CONTENTS

I - INTRODUCTION

Pursuant to Article 7 (1), (2) and (3) of Law 43/2006 of 25 August 2006 on the monitoring, examination and issuing of opinions by the Assembly of the Portuguese Republic in the context of the process of EU integration, as amended by Law 21/2012 of 17 May 2012, the European Affairs Committee referred to the Labour and Social Security Committee a **Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 345/2013 on European venture capital funds and Regulation (EU) No 346/2013 on European social entrepreneurship funds-** [COM(2016)461] for analysis and preparation of this report by 28 September 2016.

Accordingly, the Labour and Social Security Committee designated Maria das Mercês Borges, member of the PSD Parliamentary Grouping, to draw up this report.

The Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 345/2013 on European venture capital funds and Regulation (EU) No 346/2013 on European social entrepreneurship funds - [COM(2016) 461 final] - was received by the European Affairs Committee on 20 July 2016, with the corresponding opinion on the principle of subsidiarity to be issued by 17 October 2016.

Given that the initiative under discussion is intended to amend Regulations relating to European venture capital funds and European social entrepreneurship funds – specifically, the EuVECA and EuSEF funds – the Labour and Social Security Committee will, in view of its area of competence, focus in this report only on the European social entrepreneurship (EuSEF) funds and will issue its opinion on compliance with the principles of subsidiarity and proportionality.

II - RECITALS

1. Objective of the proposal

According to the Explanatory Memorandum, the European Commission's aim in submitting the **Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 345/2013 on European venture capital funds and Regulation (EU) No 346/2013 on European social**

entrepreneurship funds– [COM(2016) 461 final] – is to amend the Regulations on European venture capital funds and on European social entrepreneurship funds, specifically the **EuVECA and EuSEF funds.**

The proposal follows on from the Investment Plan for Europe, which contemplates a comprehensive strategy to promote jobs, growth and investment in Europe, a key strand of which is the Capital Markets Union (CMU) Action Plan.

“The Investment Plan for Europe aims to further mobilise additional private investment using public funds through the European Fund for Strategic Investment ("EFSI"). In this framework, to catalyse private investment into venture capital markets in Europe, a Pan-European fund-of-funds investing in European venture capital is also being established.”

The **European social entrepreneurship funds ("EuSEF")** fund structures were created to generate new opportunities for raising and investing capital in social undertakings throughout Europe.

The **EuSEF funds** are intended for enterprises whose aim is to achieve positive social impact.

In view of the importance of the **EuSEF funds** for the development of social undertakings, the European Commission’s aim in amending their legal framework is to ensure more effective operation and safeguard social investment.

The review of the **EuSEF funds** regulation carried out by the Commission as part of the 2016 Regulatory Fitness and Performance Programme (REFIT), focusing in particular on its efficiency, effectiveness and capacity to bring added value to the EU, identified a number of constraints holding back the development of this fund, *“in particular the rules that govern the way the funds invest in assets, the way the managers run the funds, how both Regulations interact with other existing investment fund laws and the requirements funds comply with to benefit from the passport across borders. ”*

The Proposal for a Regulation of the European Parliament and of the Council amending Regulation (EU) No 346/2013 on European social entrepreneurship funds **- [COM(2016) 461 final] - is a part of the** Capital Markets Union (CMU)

Action Plan, which is a priority for the Commission and which aims, via a range of measures, to *remove capital market barriers and facilitate the financing of SMEs.*

It also aims to help to diversify funding sources by making it easier for investors, fund managers and undertakings to benefit from EuSEF funds.

In short, with this proposal the European Commission's primary objective is to boost investment in venture capital and social projects, facilitating investment in innovative SMEs.

To achieve this the European Commission proposes, among other measures, to provide budgetary support to attract capital from major institutional investors from within and outside the European Union, reduce administrative burdens and introduce best practices in the framework of national fiscal incentives for venture capital to attract investment to SMEs and start-ups.

2. Result of consultations with interested parties and impact assessments

2.1. Stakeholder consultations

The European Commission decided to anticipate the legislative review as part of the 2016 REFIT work programme of Regulation (EU) No 346/2013 on European social entrepreneurship funds with the aim of assessing the initial impact of the funds in relation to initial expectations and determining the factors that may have prevented better use of the resources.

The cited proposal was the subject of a number of public consultations, specifically:

- Through the Building a Capital Markets Union Green Paper, from 18 February until 13 May 2015;
- On the analysis of Regulation (EU) No 346/2013 (30 September 2015 to 6 January 2016);
- By launching a call for evidence: EU regulatory framework for financial services (30 September 2015 to 31 January 2016);
- A technical workshop that took place on 27 January 2016.

2.2. Impact assessment

The impact assessment of Regulation (EU) No 346/2013 on European social entrepreneurship funds, which can be found in the corresponding report, indicates the following among other things:

- the take-up of the opportunities offered by the funds has been *clearly unsatisfactory*;
- The funds are severely limited by a number of barriers to eligible investors.

As from the beginning of April 2016 four EuSEF funds have been registered: one EuSEF fund registered in France and three EuSEF funds in Germany, with total assets under management of € 32 million.

Based on the results of the public consultation the European Commission submitted this **proposed amendment to Regulation (EU) No 346/2013 on European social entrepreneurship funds** – [COM(2016) 461 final] – which amends the following Articles: 2, 3, 11, 15, 17, 18, 21, 22 and 27, and adds new Articles 15-A and 15-B.

The European Commission's objective with these amendments is the following:

- extension of the range of managers eligible to market and manage EuVECA and EuSEF funds to include larger fund managers, i.e. those with assets under management of more than EUR 500 million. These managers could thus provide economies of scale and trusted brands, offering benefits to investors and thus enabling greater investments in venture capital funds and social enterprises.
- Reduction of associated costs: explicit prohibition of taxes imposed by the competent authorities of the Member States, simplification of registration processes and definition of minimum capital required to become a manager.
- As part of the wider CMU package, a pan-European venture capital fund of funds will combine EU financial sources with greater volumes of private capital, helping to overcome the problem of market fragmentation and attract private investors to the EU venture capital asset class.

The newly added Articles are intended to respond to the need to "define issues related to requests for registration of qualified venture capital funds that wish to use the EuSEF designation''.

3. Legal aspects of the proposal

3.1. Legal basis

The legal basis for the proposal is Article 114 of the Treaty on the Functioning of the European Union (TFEU).

This review stems from the impact assessment report on Regulation (EU) No 346/2013 and is intended to improve and simplify the use of EuSEF funds.

Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds entered into force in July 2013 and lays down the requirements and conditions for managers of collective investment undertakings that wish to use in the Union the 'EuSEF' designation for qualifying social entrepreneurship funds.

This Regulation is part of the Investment Plan for Europe of 24 November 2014, which sets out "a comprehensive strategy to tackle the lack of finance that is holding back growth and job creation in Europe, aimed at unlocking private investment by using public funding and improving the legal framework for the investment environment".

3.2. Subsidiarity and Proportionality

It is hoped that the **proposal for an amendment to Regulation (EU) No 346/2013 on European social entrepreneurship funds** – [COM(2016) 461 final] – will lead to greater convergence and a strengthened internal market for social entrepreneurship funds at EU level.

Accordingly, the Member States are unable to achieve the aims set out in this proposal to a sufficient degree if they act alone, and only coordinated and appropriate action will allow them to be achieved in an effective manner at EU level. As a result, the initiative does not breach the principle of subsidiarity.

This proposal is compliant with the principle of proportionality in that it does not go beyond what is necessary to achieve the objectives set out, specifically *to strike a balance between public interest, protection of investors, safety and trust considerations as well as related costs.*

III - CONCLUSIONS

In the light of the foregoing, the Labour and Social Security Committee's conclusions are as follows:

1) The European Affairs Committee referred the proposal for a

   REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 345/2013 on European venture capital funds and Regulation (EU) No 346/2013 on European social entrepreneurship funds to the **Labour and Social Security Committee for an opinion, within its area of competence, specifically on the** proposed amendment to Regulation (EU) No 346/2013 on European social entrepreneurship funds, [COM(2016) 461 final];

2) This **proposed amendment to Regulation (EU) No 346/2013 on European social entrepreneurship funds** aims to make changes to its legal framework, thus ensuring more effective operation and safeguarding social investment.

3) The objectives of this proposal cannot be sufficiently achieved unilaterally by the Member States, but can be better achieved more efficiently at EU level, and there is therefore no breach of the principle of subsidiarity;

4) Similarly, because it is compliant with the principle of proportionality, this proposal does not go beyond what is necessary to achieve the objectives set out;

5) The Labour and Social Security Committee considers its examination of this initiative to be complete.

IV – OPINION

The Labour and Social Security Committee is of the following Opinion:

a) This Report is to be presented, pursuant to Law No 43/2006 of 25 August 2006 as amended by Law No 21/2012 of 17 May 2012, to the European Affairs Committee, for the applicable legal and regulatory purposes.

b) The scrutiny of this initiative is hereby concluded.

Palácio de S. Bento, 27 September 2016.

Rapporteur	President of the Committee
Maria das Merces Borges	**Feliciano Barreiras Duarte**

Technical Note

<u>COM (2016)461</u>

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 345/2013 on European venture capital funds and Regulation (EU) No 346/2013 on European social entrepreneurship funds.

Date of arrival at the European Affairs Committee: 20/07/2016

Subsidiarity period (?): 17-10-2016 Index

Drawn up by: The European Affairs Committee support team, in conjunction with the Permanent Representative of the Portuguese Parliament to the European Union.

Date: 23/09/2016

I. Aim of the initiative

The European Commission submitted a proposal to amend the Regulations on European venture capital funds and European social entrepreneurship funds (EuVECA and EuSEF funds respectively).

In short, the primary objective of the proposal submitted is to boost investment in venture capital and social projects, facilitating investment in innovative SMEs. It is proposed in particular to open up the EuVECA and EuSEF fund designations to fund managers of differing sizes and to expand the range of companies that can be invested in. Another objective is to reduce costs and make cross-border marketing of such funds easier by explicitly prohibiting fees levied by Member States and simplifying registration processes.

The reforms applicable to these funds form part of a range of measures the European Commission is taking to stimulate venture capital, employment, growth and investment in Europe.

According to figures from the Commission, the venture capital market in the USA is five times bigger than in the European Union in terms of the amounts invested.

The stimulation measures thus include the use of EU budgetary support to attract capital from major institutional investors (through a pan-European venture capital fund of funds) and promotion of best practices in national tax incentives for venture capital to encourage investment in SMEs and start-ups.

The provision of technical assistance to those Member States who wish to develop market-based finance including venture capital is also among the measures to be adopted by the Commission here.

II. Legal framework

Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds and Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds entered into force in July 2013 and lay down uniform requirements and conditions for managers of collective investment undertakings that wish to use in the Union the ‘EuVECA’ or ‘EuSEF’ designations for the marketing of qualifying venture capital funds and qualifying social entrepreneurship funds.

Both contain rules governing the eligible investments, undertakings and investors, and note that only managers with assets under management that in total do not exceed the threshold referred to in Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 may use the labels in question.

Combined with these two Regulations is the Communication on the

Investment Plan for Europe of 26 November 2014, which sets out a comprehensive strategy to tackle the lack of finance that is holding back growth and job creation in Europe, aimed at unlocking private investment by using public funding and improving the legal framework for the investment environment.

The communication on the Capital Markets Union (CMU) Action Plan of 30 September 2015 also forms a part of the abovementioned Investment Plan, aiming to reduce fragmentation in capital markets and increase the supply of capital to businesses through the establishment of a single capital market.

Investor protection here is guaranteed by ensuring that managers are subject to the requirements of Directive 2011/61/EU, specifically those concerning eligibility of investments, investors and information.

Following the public consultation and the results thereof, the Commission submitted the following proposed amendments:

- To extend the range of managers eligible to market and manage EuVECA and EuSEF funds to include larger fund managers, i.e. those with assets under management of more than EUR 500 million. These managers could thus provide economies of scale and trusted brands, offering benefits to investors and thus enabling greater investments in venture capital funds and social enterprises.
- To expand EuVECA eligible assets, to allow investment in small mid-caps and SMEs listed on SME growth markets. As a consequence, more companies will benefit from EuVECA investments, thus making investments more attractive through greater diversification of risk.
- Reduction of associated costs: explicit prohibition of taxes imposed by the competent authorities of the Member States, simplification of registration processes and definition of minimum capital required to become a manager.
- As part of the wider CMU package, a pan-European venture capital fund of funds will combine EU financial sources with greater volumes of private capital, helping to overcome the problem of market fragmentation and attract private investors to the EU venture capital

asset class.

In Regulation (EU) No 345/2013 on European venture capital funds, amendments will be made to Articles 2, 3, 10, 14, 16, 17, 20, 21 and 26, and new Articles 14-A and 14-B will be added.

In Regulation (EU) No 346/2013 on European social entrepreneurship funds, amendments will be made to the following Articles: 2, 3, 11, 15, 17, 18, 21, 22 and 27, and new Articles 15-A and 15-B will be added.

In both Regulations, the newly added Articles are intended to respond to the need to define issues related to requests for registration of qualified venture capital funds that wish to use the EuSEF designation.

For more information see:

http://ec.europa.eu/finance/investment/docs/venture_capital/160714-infographics-venture-capital_en.pdf

http://ec.europa.eu/finance/investment/venture_capital/index_en.htm#maincontentSec4

III. Background

The European Venture Capital Funds (EuVECA) and European Social Entrepreneurship Funds (EuSEF) constitute two types of collective investment funds aimed at making it easier and more attractive for investors to invest in unlisted SMEs.

The EuVECA and EuSEF labels were intended to allow fund managers to market venture capital funds across the European Union to professional investors and to non-professional investors able to commit a minimum of EUR 100 000.

Currently, EuVECA funds focus on unlisted SMEs. Conversely, EuSEF focus primarily on enterprises with a positive social impact.

They were created to boost funding of companies that generally rely on venture capital, such as small enterprises that are at an early stage of development and which show strong potential for growth and expansion, or companies with social objectives.

These funds also attempted to offer companies valid contributions in terms of knowledge and skills, business contacts, brand equity and strategic advice, stimulating economic growth and going some way towards meeting the objectives devised for the 2020 European Strategy set out in the Commission Communication of 3 March 2010, “Europe 2020: A strategy for smart, sustainable and inclusive growth” and the social entrepreneurship initiative provided for by the Commission in its Communication of 25 October 2011 “Social Business Initiative - Creating a favourable climate for social enterprises, key stakeholders in the social economy and innovation”.

However, there are a number of barriers facing venture capital funds in the Union, primarily the fact that there are few managers and few funds, a base of small investors and a specific definition of SME for the purposes of the EuVECA fund, all of which may explain the low take-up and lower than expected assets under management.

The inconsistent application of these funds by the Member States and the inadequate total costs (including the funds themselves, and the fees) complicate cross-border trade and application of these funds outside their home Member States.

Based on these findings, the European Commission launched a consultation procedure on 30 September 2015, anticipating the general review of the situation planned for July 2017, to drive progress towards the Capital Markets Union. The consultation sought to determine whether targeted changes to the Regulations could boost the take-up of these investment funds.

Based on the results of the consultation and the identification of the barriers referred to, the Commission drew up proposals to amend the cited Regulations through the proposal under discussion [COM(2016)461].

IV. European initiatives on related subjects

V. Position adopted by the Government (if available)

VI. Position adopted by other Member States – IPEX

Country		Date of scrutiny	Status of scrutiny	Documents/observations
Germany	German Bundestag	**9/09/2016**	**Ongoing**	**Committee responsible:** Finance Committee **Committees asked for an opinion:** Committee on the Affairs of the

				European Union Committee on Economic Affairs and Energy
	Bundesrat	**14/07/2016**	**Ongoing**	Referred to Committees on: European Union Questions Finance Legal Affairs Economic Affairs
Slovakia	National Council of the Slovak Republic	**22/09/2016**	**Ongoing**	NC SR's scrutiny information web page
Finland	Finnish Parliament	**-**	**Ongoing**	Eduskunta dossier U 47/2016 (in Finnish) Eduskunta dossier TS 44/2016 (in Finnish)
Greece	Hellenic Parliament	**20/07/2016**	**Ongoing**	
Poland	Polish Senate	**30/08/2016**	**Ongoing**	The Committee decided on the matter on September 20, 2016. The Committee found the draft to be in compliance with the principle of subsidiarity. Report of the Foreign and EU Affairs Committee adopted on 20/09/2016
	Polish Sejm	**19/07/2016**	**Ongoing**	COM(2016) 461 in EDL-S database. 8th Sejm [EN] COM(2016) 461 w bazie EDL-S. VIII kadencia [PL]
Sweden	Swedish Parliament	**9/09/2016**	**Ongoing**	Referred to the Committee on Finance. The Committee will examine whether the draft is in compliance with the principle of subsidiarity. The Committee will report on its findings to the Chamber.

ASSEMBLY OF THE REPUBLIC

LABOUR AND SOCIAL SECURITY COMMITTEE

TO

THE CHAIR OF THE EUROPEAN AFFAIRS COMMITTEE

REGINA BASTOS

Unique identifier: *558 822*

Reference No.: 132/10ª CTSS/2016

Date: 28 September 2016

SUBJECT: Report on COM (2016) 461.

Please find enclosed, for the appropriate purposes, the Report on the "Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EU) No 345/2013 on European venture capital funds and Regulation (EU) No 346/2013 on European social entrepreneurship funds - COM (2016) 461", approved with votes in favour from the PSD, PS, and CDS-PP, and with the BE and PCP abstaining, in the meeting of this Parliamentary Committee of 28 September 2016.

Yours faithfully,

THE CHAIR OF THE COMMITTEE

FELICIANO BARREIRAS DUARTE