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NOTE

From : General Secretariat of the Council
To : Working Party on Competitiveness and Growth

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Subject : Proposal for a Directive of the European Parliament and of the Council on services in the internal market

Delegations will find in the Annex a consolidated text from the Presidency of the above-mentioned proposal. In order to provide a consolidated version, this text contains the clarifications included in Working Document N° 1 of 15 November 2004, as well as the articles and recitals of the Commission's proposal which were not included in the above Working Document. This consolidated text will serve as a basis for further discussions in the Working Party on Competitiveness and Growth. *

* Recitals are in italics. New wording added in the Presidency clarified text is underlined. Parts of the initial Commission's proposal which have not been retained in the new version are indicated with strike-through.

Chapter I

General provisions

Article 1

Subject-matter

This Directive establishes general provisions facilitating exercise of the freedom of establishment for service providers and the free movement of services.

This Directive does not deal with the liberalisation of services of general economic interest reserved to public or private entities nor with the privatisation of public entities providing services.

This Directive does not deal with the abolition of monopolies providing services nor with aids granted by Member States which are covered by common rules on competition.

Recital 1: *The European Union is seeking to forge ever closer links between the States and peoples of Europe and to ensure economic and social progress. In accordance with Article 14(2) of the Treaty, the internal market comprises an area without internal frontiers in which the free movement of services and the freedom of establishment are ensured. The elimination of obstacles to the development of service activities between Member States is essential in order to strengthen the integration of the peoples of Europe and to promote balanced and sustainable economic and social progress.*

Recital 2: *The report from the Commission on "The State of the Internal Market for Services"¹ drew up an inventory of a large number of barriers which are preventing or slowing down the development of services between Member States, in particular those provided by small and medium-sized enterprises (SMEs), which are predominant in the field of services. The report concludes that a decade after the envisaged completion of the internal market, there is still a huge gap between the vision of an integrated European Union economy and the reality as experienced by European citizens and service providers. The barriers listed affect a wide variety of service activities across all stages of the service provider's activity and have a number of common features, including, in particular, the fact that they often arise from administrative burdens, the legal uncertainty associated with cross-border activity and the lack of mutual trust between Member States.*

¹ COM (2002) 441 final.

Recital 3: *Since services constitute the engine of economic growth and account for 70% of GDP and employment in the majority of Member States, this fragmentation of the internal market has a negative impact on the entire European economy, in particular on the competitiveness of SMEs, and prevents consumers from gaining access to a greater variety of competitively priced services. The European Parliament and the Council have emphasised that the removal of legal barriers to the establishment of a genuine internal market is a matter of priority for achieving the goal set by the Lisbon European Council of making the European Union the most competitive and dynamic knowledge-based economy in the world by 2010. Removing those barriers is essential in order to revive the European economy, particularly in terms of employment and investment.*

Recital 4: *It is therefore necessary to remove barriers to the freedom of establishment for service providers in Member States and barriers to the freedom to provide services as between Member States and to guarantee providers and recipients the legal certainty necessary for the exercise in practice of those two fundamental freedoms ~~of the Treaty as laid down by Articles 43 and 49 of the Treaty~~. Since the barriers in the internal market for services affect operators who wish to become established in other Member States as well as those who provide a service in another Member State without being established there, it is necessary to enable service providers to develop their service activities within the internal market either by becoming established in a Member State or by making use of the freedom to provide services. Service providers should be able to choose between those two freedoms, depending on their strategy for growth in each Member State.*

Recital 5: *Those barriers cannot be removed solely by relying on direct application of Articles 43 and 49 of the Treaty, since, on the one hand, addressing them on a case-by-case basis through infringement procedures against the Member States concerned would, especially following enlargement, be extremely complicated for national and Community institutions, and, on the other hand, the lifting of many barriers requires prior coordination of national legal schemes, including the setting up of administrative cooperation. As the European Parliament and the Council have recognised, a Community legislative instrument makes it possible to achieve a genuine internal market for services.*

Recital 6: *This Directive establishes a general legal framework which benefits a wide variety of services while taking into account the distinctive features of each type of activity or profession and its system of regulation. That framework is based on a dynamic and selective approach consisting in the removal, as a matter of priority, of barriers which may be dismantled quickly and, for the others, the launching of a process of evaluation, consultation and complementary harmonisation of specific issues, which will make possible the progressive and coordinated modernisation of national regulatory systems for service activities which is vital in order to achieve a genuine internal market for services by 2010. Provision should be made for a balanced mix of measures involving targeted harmonisation, administrative cooperation, the country of origin principle and encouragement of the development of codes of conduct on certain issues. That coordination of national legislative regimes should ensure a high degree of Community legal integration and a high level of protection of general interest objectives, especially of consumer protection, which is vital in order to establish mutual trust between Member States.*

Recital 6 a: *This Directive concerns only service providers established in a Member State and does not cover external aspects. It does not concern negotiations within international organisations on trade in services, in particular in the framework of GATS.*

Recital 7: *It is necessary to recognise the importance of the roles of professional bodies and professional associations in the regulation of service activities and the development of professional rules.*

Recital 7 a: *As regards services of general interest, the Directive covers only services of general economic interest, i.e. services that correspond to an economic activity. Furthermore, certain services of general economic interest, such as in the field of transport, are excluded from the scope of application of the Directive. The Directive does not affect the freedom of the Member States to define, in conformity with Community law, what they consider to be services of general economic interest, how those services should be organised and financed and what specific obligations they should be subject to. This directive does not deal with the follow-up to the Commission White Paper on services of general interest.*

Recital 7 b (ex Recital 35) : *It is appropriate that the provisions of this Directive concerning freedom of establishment should apply only to the extent that the activities in question are open to competition, so that they do not oblige Member States to liberalise services of general economic interest nor to privatise public entities providing such services nor to abolish existing monopolies for other activities, notably those of lotteries or certain distribution services; ~~or to privatise certain sectors~~.*

Recital 7 c: *This Directive does not deal with the funding of services of general economic interest and does not apply to systems of aids granted by Member States, in particular in the health and social fields or in the audiovisual and cultural sector, which are covered by Title VI Chapter I on rules on competition in the Treaty.*

Article 2

Scope

1. This Directive shall apply to services supplied by providers established in a Member State.
2. This Directive shall not apply to the following activities:
 - (a) ~~financial services as defined in Article 2(b) of Directive 2002/65/EC; services of a banking, credit, insurance, occupational or personal pension, investment or payment nature;~~
 - b) electronic communications services and networks, and associated facilities and services, with respect to matters covered by or referred to in Directives 2002/19/EC², 2002/20/EC³, 2002/21/EC⁴, 2002/22/EC⁵ and 2002/58/EC⁶ of the European Parliament and of the Council;

² OJ L 108, 24.4.2002, p. 7.

³ OJ L 108, 24.4.2002, p. 21.

⁴ OJ L 108, 24.4.2002, p. 33.

⁵ OJ L 108, 24.4.2002, p. 51.

⁶ OJ L 201, 31.7.2002, p. 37.

- (c) transport services, with the exception of transport of cash in transit and the transport of deceased persons; ~~to the extent that they are governed by other Community instruments the legal basis of which is Article 71 or Article 80(2) of the Treaty.~~
- (d) activities covered by Article 45 of the Treaty.

3. This Directive ~~does~~ shall not apply to the field of taxation, with the exception of the prohibition of discriminations provided for in Articles 14 and 20 ~~to the extent that the restrictions identified therein are not covered by a Community instrument on tax harmonisation.~~

***Recital 9:** Financial services should be excluded from the scope of this Directive since those activities are currently the subject of a specific action plan aimed, as is this Directive, at achieving a genuine internal market for services. This exclusion concerns Financial services are defined in Directive 2002/65/EC of the European Parliament and of the Council of 23 September 2002 concerning the distance marketing of consumer financial services and amending Council Directive 90/619/EEC and Directives 97/7/EC and 98/27/EC. That Directive defines a financial service as any service of a banking, credit, insurance, occupational or personal pension, investment or payment nature, including reinsurance, currency exchange, clearing and settlement systems, securities custodianship and investment advice.*

***Recital 10:** In view of the adoption in 2002 of a package of legislative instruments relating to electronic communications networks and services, as well as to associated resources and services, which has established a regulatory framework to facilitate access to those activities within the internal market, notably through the elimination of most individual authorisation schemes, it is necessary to exclude issues dealt with by those instruments from the scope of this Directive.*

***Recital 10 a.** This Directive does not apply to electronic communications services and networks with respect to matters covered by the Directives adopted as part of the electronic communication regulatory package in 2002. This exclusion from the scope of application applies not only to questions specifically dealt with in these Directives but also to matters for which the Directives explicitly leave the possibility to Member States of adopting certain measures at national level.*

Recital 12: ~~Since~~ Transport services - including urban transport, port services, taxis and ambulances are excluded from the scope of this Directive regardless of whether are already covered by a set of Community instruments specific to that field, they should be excluded from the scope of this Directive to the extent that they are regulated by other Community instruments adopted under Articles 71 and 80(2) of the Treaty. However, this Directive applies to services that are not regulated by specific instruments concerning transport ~~However, the transport of, such as cash in transit or the transport of deceased persons are included in the scope of this Directive given that Internal Market problems have been identified in these fields.~~

Recital 12 a (ex Recital 11): In view of the fact that the Treaty provides specific legal bases for taxation matters and for the Community instruments already adopted in that field, it is necessary to exclude the field of taxation from the scope of this Directive. However, the prohibition of discrimination provided for in this Directive applies to fiscal discriminations which are incompatible with the freedom of establishment and the free movement of services, with the exception, however, of the provisions concerning prohibited requirements and the free movement of services. According to settled case-law, discrimination arises through the application of different rules to comparable situations or the application of one and the same rule to different situations. Harmonisation in the field of taxation has been achieved notably through Council Directive 77/388/EEC of 17 May 1977 on the harmonisation of the laws of the Member States relating to turnover taxes—Common system of value added tax: uniform basis of assessment, Council Directive 90/434/EEC of 23 July 1990 on the common system of taxation applicable to mergers, divisions, transfers of assets and exchanges of shares concerning companies of different Member States, Council Directive 90/435/EEC of 23 July 1990 on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States and Council Directive 2003/49/EC of 3 June 2003 on a common system of taxation applicable to interest and royalty payments made between associated companies of different Member States. The present Directive does not aim to introduce specific new rules or systems in the field of taxation. Its sole objective is to remove restrictions, certain of which are fiscal in nature, and in particular those which are discriminatory, on freedom of establishment and the free movement of services, in accordance with the case law of the Court of Justice of the European Commission, hereinafter "the Court of Justice", with respect to Articles 43 and 49 of the Treaty. The field of value added tax (VAT) is the subject of harmonisation at Community level, in accordance with which service providers carrying out cross border activities may be subject to obligations other than those of the country in which they are established. It is nevertheless desirable to establish a system of "one stop shops" for service providers, in order to enable all their obligations to be fulfilled by means of a single electronic portal to the tax authorities in their home Member State.

Article 3

Relationship with other provisions of Community law

Member States shall apply the provisions of this Directive in compliance with the rules of the Treaty on the right of establishment and the free movement of services.

Application of this Directive shall not prevent the application of provisions of other Community instruments as regards the services governed by those provisions.

Other Community instruments, in particular those governing specific service activities fully apply and are complemented by this Directive.

***Recital 13:** There is already a considerable body of Community law on service activities, especially the regulated professions, postal services, television broadcasting, information society services and services relating to travel, holidays and package tours. Service activities are also covered by other instruments which do not deal with a specific category of services, such as those relating to consumer protection. This Directive builds on, and thus complements, the Community acquis. Where a service activity is already covered by one or more Community instruments, this Directive and those instruments will all apply, the requirements laid down by one adding to those laid down by the others. Accordingly, appropriate provisions should be laid down, including provision for derogations, in order to prevent incompatibilities and to ensure consistency as between all those Community instruments.*

***Recital 13 a:** This Directive is consistent with and does not affect Directive EEC/89/552 ("Television Without Frontiers" Directive), including its definition of when a broadcaster is deemed to be established in a Member State, which continues to fully apply. This Directive also does not pre-empt the possible future revision of the "Television Without Frontiers" Directive. Furthermore, it does not affect the specificity of audiovisual services in international negotiations or trade in services.*

***Recital 13 b:** This Directive is consistent with and does not affect Directive ..././EC on the recognition of professional qualifications. It deals with questions other than those relating to professional qualifications, for example professional indemnity insurance, commercial communications, multidisciplinary activities and administrative simplification. Concerning temporary cross-border service provision, a derogation from the country of origin principle in this Directive ensures that the Title II on the free movement of services of Directive on recognition of professional qualifications is not affected. Therefore, none of the measures applicable in the host Member State under the Directive on recognition of professional qualifications is affected by the country of origin principle.*

Recital 13 c (ex Recital 8): *This Directive is consistent with other current Community initiatives concerning services, particularly those relating to the competitiveness of business-related services, the safety of services, and work on patient mobility and the development of health care in the Community. It is also consistent with current initiatives concerning the internal market, such as the proposal for a Regulation of the European Parliament and of the Council on sales promotions in the internal market¹, and those concerning consumer protection, such as the proposal for a Directive on unfair commercial practices and the proposal for a Regulation of the European Parliament and of the Council on cooperation between national authorities responsible for the enforcement of consumer protection laws ("the Regulation on consumer protection cooperation").*

Article 4

Definitions

For the purposes of this Directive, the following definitions shall apply:

- (1) "service" means any self-employed economic activity, as referred to in Article 50 of the Treaty, consisting in the provision of a service for consideration;
- (2) "provider" means any natural person who is a national of a Member State, or any legal person established in a Member State, who offers or provides a service;
- (3) "recipient" means any natural person or legal person established in a Member State who, for professional or non-professional purposes, uses, or wishes to use, a service;
- (4) "Member State of origin" means the Member State in whose territory the provider of the service concerned is established;
- (5) "establishment" means the actual pursuit of an economic activity, as referred to in Article 43 of the Treaty, through a fixed establishment of the provider for an indefinite period;

- (6) "authorisation scheme" means any procedure under which a provider or recipient is in effect required to take steps in order to obtain from a competent authority a formal decision, or an implied decision, concerning access to a service activity or to the exercise thereof;
- (7) "requirement" means any obligation, prohibition, condition or limit provided for in the laws, regulations or administrative provisions of the Member States or in consequence of case-law, administrative practice or the rules of professional bodies, or the collective rules of professional associations or other professional organisations, adopted in the exercise of their legal autonomy;
- (8) "competent authority" means any body or authority which has a supervisory or regulatory role in a Member State in relation to service activities, including, in particular, administrative authorities, professional bodies, and those professional associations or other professional organisations which, in the exercise of their legal autonomy, regulate in a collective manner access to service activities or the exercise thereof;
- (9) "coordinated field" means any requirement applicable to access to service activities or to the exercise thereof;
- ~~(10) "hospital care" means medical care which can be provided only within a medical infrastructure and which normally requires the accommodation therein of the person receiving the care, the name, organisation and financing of that infrastructure being irrelevant for the purpose of classifying such care as hospital care;~~
- (11) "Member State of posting" means the Member State in whose territory a provider posts a worker in order to provide services there;

- (12) "lawful employment" means the salaried activity of a worker, performed in accordance with the national law of the Member State of origin of the provider;
- (13) "regulated profession" means a professional activity or a group of professional activities as referred to in Article 3(1)(a) of Directive .. /EC of the European Parliament and of the Council on the recognition of professional qualifications, access to which or pursuit of which, or one of the modes of pursuing which, is conditional, directly or indirectly, upon possession of specific professional qualifications, pursuant to laws, regulations or administrative provisions;
- (14) "commercial communication" means any form of communication designed to promote, directly or indirectly, the goods, services or image of an undertaking, organisation or person engaged in commercial, industrial or craft activity or practising a regulated profession. The following do not in themselves constitute commercial communications:
- (a) information enabling direct access to the activity of the undertaking, organisation or person, including in particular a domain name or an electronic-mailing address;
 - (b) communications relating to the goods, services or image of the undertaking, organisation or person, compiled in an independent manner, particularly when provided for no financial consideration.

Recital 14: *The concept of service covers a wide variety of ever-changing activities, including business services such as management consultancy, certification and testing; facilities management, including office maintenance and security; advertising; recruitment services, including employment agencies; and the services of commercial agents. That concept also covers services provided both to businesses and to consumers, such as legal or fiscal advice; real estate services such as estate agencies; construction, including the services of architects; ~~transport~~; distributive trades; the organisation of trade fairs; car rental; travel agencies; and security services. It also covers consumer services, such as those in the field of tourism, including tour guides; audio-visual services; leisure services, sports centres and amusement parks; health and health care services; and household support services, such as help for the elderly. Those activities may involve services requiring the proximity of provider and recipient, services requiring travel by the recipient or the provider and services which may be provided at a distance, including via the Internet.*

Recital 15: *As the Court of Justice has consistently held with regard to Articles 49 et seq of the Treaty, the concept of service covers any economic activity normally provided for remuneration, without the service having to be paid for by those benefiting from it and regardless of the financing arrangements for the remuneration received in return, by way of consideration. Any service whereby a provider participates in the economy, irrespective of his legal status or aims, or the field of action concerned, thus constitutes a service.*

Recital 16: *According to the jurisprudence of the Court of Justice, the assessment of whether certain activities, in particular activities which are publicly funded or provided by public entities, constitute a 'service' has to be carried out on a case by case basis in the light of all their characteristics, in particular the way they are provided, organised and financed in the Member State concerned. The Court has thus recognized that the ~~The~~ characteristic of remuneration is absent in the case of activities performed, for no consideration, by the State in the context of its ~~duties fulfilment of its~~ in the social, cultural, educational and ~~judicial fields~~ legal obligations, such as courses provided under the national education system, or the management of social security schemes which do not engage in economic activity. These activities are not covered by the definition in Article 50 of the Treaty and do not therefore fall within the scope of this Directive.*

Recital 17: *This Directive does not concern the application of Articles 28 to 30 of the Treaty relating to the free movement of goods. The restrictions prohibited pursuant to the country of origin principle cover the requirements applicable to access to service activities or to the exercise thereof and not those applicable to goods as such.*

Recital 18: *The concept of provider covers any natural person who is a national of a Member State or any legal person who is engaged in a service activity there, in exercise either of the freedom of establishment or of the freedom to provide services. The concept of provider is thus not limited solely to cross-border service provision within the framework of the freedom to provide services but also covers cases in which an operator establishes itself in a Member State in order to develop its service activities there. On the other hand, the concept of a provider does not cover the case of branches in a Member State of companies from third countries because, under Article 48 of the Treaty, the freedom of establishment and free movement of services may benefit only companies constituted in accordance with the laws of a Member State and having their registered office, central administration or principal place of business within the Community.*

Recital 18 a: *The place at which a service provider is established should be determined in conformity with the case-law of the Court of Justice according to which the concept of establishment involves the actual pursuit of an economic activity through a fixed establishment for an indefinite period; this requirement is also fulfilled where a company is constituted for a given period or where it rents the building or installation through which it pursues its activity. According to this definition which requires the actual pursuit of an economic activity at the place of establishment of the service provider, a mere letter box does not constitute an establishment. In cases where a provider has several places of establishment it is important to determine from which place of establishment the actual service concerned is provided; in cases where it is difficult to determine from which of several places of establishment a given service is provided, this is the place where the provider has the centre of his activities relating to this particular service.*

Recital 19: *Where an operator travels to another Member State to exercise a service activity there, a distinction should be made between situations covered by the freedom of establishment and those covered, due to the temporary nature of the activities concerned, by the free movement of services. As regards the distinction between the application of the freedom of establishment and the freedom to provide services respectively according to the case-law of the Court of Justice the key element is the question whether the economic operator is established or not in the Member State where he provides the service concerned. If he is established in the Member State where he provides his services, he comes under the scope of application of the freedom of establishment. If by contrast the economic operator is not established in the Member State of destination of the service he is a cross border service provider covered by the freedom to provide services. The Court of Justice has consistently held that the temporary nature of the activities in question must be determined in the light not only of the duration of the provision of the service, but also of its regularity, periodical nature or continuity. In any case, the fact that the activity is temporary does not mean that the service provider may not equip himself with some forms of infrastructure in the host Member State, such as an office, chambers or consulting rooms, in so far as such infrastructure is necessary for the purposes of providing the service in question.*

Recital 20: *The concept of authorisation scheme covers, inter alia, the administrative procedures for granting authorisations, licences, approvals or concessions, and also the obligation, in order to be eligible to exercise the activity, to be registered as a member of a profession or entered in a register, roll or database, to be officially appointed to a body or to obtain a card attesting to membership of a particular profession. Authorisation may be granted not only by a formal decision but also by an implicit decision arising, for example, from the silence of the competent authority or from the fact that the interested party must await acknowledgement of receipt of a declaration in order to commence the activity in question or for the latter to become lawful.*

Recital 21: *The concept of the coordinated field covers all requirements applicable to access to service activities and to the exercise thereof, in particular those laid down by the laws, regulations and administrative provisions of each Member State, whether or not they fall within an area harmonised at Community level or are general or specific in nature and regardless of the legal field to which they belong under national law.*

Chapter II

Freedom of establishment for service providers

SECTION 1

ADMINISTRATIVE SIMPLIFICATION

Article 5

Simplification of procedures

1. Member States shall simplify the procedures and formalities applicable to access to a service activity and to the exercise thereof.
2. Where Member States require a provider or recipient to supply a certificate, attestation or any other document proving that a requirement has been satisfied, they shall accept any document from another Member State which serves an equivalent purpose or from which it is clear that the requirement in question has been satisfied. They may not require that a document from another Member State be produced in its original form, or as a certified copy or as a certified translation, save in the cases provided for in other Community instruments or where such a requirement is objectively justified by an overriding reason relating to the public interest.
3. Paragraph 2 shall not apply to the documents referred to in Article 46 of Directive .../EC of the European Parliament and of the Council⁷ on the recognition of professional qualifications or in Article 45(3) of Directive 2004/18/EC of the European Parliament and of the Council on the coordination of procedures for the award of public works, supply and service contracts or in Article 3(2) of the Directive 98/5/EC of the European Parliament and of the Council to facilitate practice of the profession of lawyer on a permanent basis in a Member State other than that in which the qualification was obtained⁸.

⁷ [Proposal for a Directive of the European Parliament and of the Council on the recognition of professional qualifications.]

⁸ OJ L 134, 30.4.2004, p. 114. [~~Proposal for a Directive of the European Parliament and of the Council on the coordination of procedures for the award of public works, supply and service contracts~~]

Recital 22: *One of the fundamental difficulties faced, in particular by SMEs, in accessing service activities and exercising them is the complexity, length and legal uncertainty of administrative procedures. For this reason, following the example of certain modernising and good administrative practice initiatives undertaken at Community and national level, it is necessary to establish principles of administrative simplification, inter alia through the introduction, coordinated at Community level, of a system of single points of contact, limitation of the obligation of prior authorisation to cases in which it is essential and the introduction of the principle of tacit authorisation by the competent authorities after a certain period of time has elapsed. Such modernising action, while maintaining the requirements on transparency and the updating of information relating to operators, is intended to eliminate the delays, costs and dissuasive effects which arise, for example, from unnecessary or excessively complex and burdensome procedures, the duplication of procedures, the red tape involved in submitting documents, the use of discretionary powers by the competent authorities, indeterminate or excessively long periods before a response is given, the limited duration of validity of authorisations granted and disproportionate fees and penalties. Such practices have particularly significant dissuasive effects on providers wishing to develop their activities in other Member States and require coordinated modernisation within an enlarged internal market of twenty-five Member States.*

Recital 23: *In order to facilitate access to service activities and the exercise thereof in the internal market, it is necessary to establish an objective, common to all Member States, of administrative simplification and to lay down provisions concerning, inter alia, single points of contact, the right to information, procedures by electronic means and the establishment of a framework for authorisation schemes. Other measures adopted at national level to meet that objective may involve reduction of the number of procedures and formalities applicable to service activities and the restriction of such procedures and formalities to those which are essential in order to achieve a general interest objective and which do not duplicate each other in terms of content or purpose.*

Recital 24: *With the aim of administrative simplification, general formal requirements, such as a certified translation, must not be imposed, except where objectively justified by an overriding reason relating to the public interest, such as the protection of workers. It is also necessary to ensure that an authorisation normally permits access to, or exercise of, a service activity throughout the national territory, unless a new authorisation for each establishment, for example for each new hypermarket, is objectively justified by an overriding reason relating to the public interest, such as protection of the urban environment.*

Recital 24 a (ex Recital 29): *The overriding reasons relating to the public interest to which reference is made in certain ~~harmonisation~~ provisions of this Directive are those recognised by the Court of Justice in relation to Articles 43 and 49 of the Treaty, notably the protection of public policy, public security, public health, the protection of consumers, recipients of services, workers and, the environment including the urban environment, the health of animals, intellectual property, the conservation of the national historic and artistic heritage or social policy objectives and cultural policy objectives.*

Article 6

Single points of contact

Member States shall ensure that, by 31 December 2008 at the latest, it is possible for a service provider to complete the following procedures and formalities at a contact point known as a "single point of contact":

- (a) all procedures and formalities needed for access to his service activities, in particular, all necessary declarations, notifications or applications for authorisation from the competent authorities, including applications for inclusion in a register, a roll or a database, or for registration with a professional body or association;
- (b) any applications for authorisation needed to exercise his service activities.

The creation of single points of contact does not interfere with the allocation of functions or competences among competent authorities within each national system.

***Recital 25:** It is appropriate to provide for single points of contact in order to ensure that each provider has a single point at which he can complete all procedures and formalities. The number of single points of contact per Member State may vary according to regional or local competencies or according to the activities concerned. Where several authorities at regional or local level are competent, one of them may assume the role of single point of contact and coordinator. Single points of contact may be set up not only by administrative authorities but also by chambers of commerce or crafts, or by the professional organisations or private bodies to which a Member State decides to entrust that function. Single points of contact have an important role to play in providing assistance to providers either as the authority directly competent to issue the documents necessary to access a service activity or as an intermediary between the provider and the authorities which are directly competent. In its Recommendation of 22 April 1997 on improving and simplifying the business environment for business start-ups⁹, the Commission was already encouraging Member States to introduce points of contact to simplify formalities.*

⁹ OJ L 145, 5.6.1977, p. 29.

Article 7

Right to information

1. Member States shall ensure that the following information is easily accessible to providers and recipients through the single points of contact:
 - (a) requirements applicable to providers established in their territory, in particular those requirements concerning the procedures and formalities to be completed in order to access and to exercise service activities;
 - (b) the contact details of the competent authorities enabling the latter to be contacted directly, including the particulars of those authorities responsible for matters concerning the exercise of service activities;
 - (c) the means of and conditions for accessing public registers and databases on providers and services;
 - (d) the means of redress which are generally available in the event of dispute between the competent authorities and the provider or the recipient, or between a provider and a recipient or between providers;
 - (e) the contact details of the associations or organisations, other than the competent authorities, from which providers or recipients may obtain practical assistance.
2. Member States shall ensure that it is possible for providers and recipients to receive, at their request, assistance from the competent authorities, consisting in information on the way in which requirements referred to in point (a) of paragraph 1 are generally interpreted and applied.
3. Member States shall ensure that the information and assistance referred to in paragraphs 1 and 2 are provided in a clear and unambiguous manner, that they are easily accessible at a distance and by electronic means, and that they are kept-up-to-date.

4. Member States shall ensure that the single points of contact and the competent authorities respond as quickly as possible to any request for information or assistance as referred to in paragraphs 1 and 2 and, in cases where the request is faulty or unfounded, inform the applicant accordingly without delay.
5. Member States shall implement paragraphs 1 to 4 by 31 December 2008 at the latest.
6. Member States and the Commission shall take accompanying measures in order to encourage single points of contact to make the information provided for in paragraphs 1 and 2 available in other Community languages.

Recital 25 a: *The obligation for Member States to ensure that relevant information is easily accessible to providers and recipients can be fulfilled by rendering accessible this information through an Internet web site. The obligation for competent authorities to assist providers and recipients does not require these authorities to provide legal advice in individual cases but concerns only general information on the way in which requirements are usually interpreted or applied.*

Article 8

Procedures by electronic means

1. Member States shall ensure that, by 31 December 2008 at the latest, all procedures and formalities relating to access to a service activity and to the exercise thereof may be easily completed, at a distance and by electronic means, at the relevant single point of contact and with the relevant competent authorities.
2. Paragraph 1 shall not apply to the inspection of premises on which the service is provided or of equipment used by the provider, or to physical examination of the capability of the provider.
3. The Commission shall, in accordance with the procedure referred to in Article 42(2), adopt detailed rules for the implementation of paragraph 1 with a view to facilitating the interoperability of information systems and use of procedures by electronic means between Member States.

Recital 26: *The setting up, in the reasonably near future, of electronic means of completing procedures and formalities will be vital for administrative simplification in the field of service activities, for the benefit of providers, recipients and competent authorities. In order to meet that obligation as to results, national laws and other rules applicable to services may need to be adapted. The fact that it must be possible to complete those procedures and formalities at a distance means in particular that Member States must ensure that they may be completed across borders. The obligation as to results does not cover procedures or formalities which by their very nature are impossible to complete at a distance.*

SECTION 2

AUTHORISATIONS

Article 9

Authorisation schemes

1. Member States shall not make access to a service activity or the exercise thereof subject to an authorisation scheme unless the following conditions are satisfied:
 - (a) the authorisation scheme does not discriminate against the provider in question;
 - (b) the need for an authorisation scheme is objectively justified by an overriding reason relating to the public interest; and
 - (c) the objective pursued cannot be attained by means of a less restrictive measure, in particular because an *a posteriori* inspection would take place too late to be genuinely effective.
2. In the report referred to in Article 41, Member States shall identify their authorisation schemes and give reasons showing their compatibility with paragraph 1.
3. ~~This Section~~ Paragraph 1 shall not apply to authorisation schemes which are either imposed or permitted by other Community instruments.

Recital 27: *The possibility of gaining access to a service activity may be made subject to authorisation by the competent authorities only if that decision satisfies the criteria of non-discrimination, necessity and proportionality. That means, in particular, that authorisation schemes should be permissible only where an a posteriori inspection would not be effective because of the impossibility of ascertaining the defects of the services concerned a posteriori, due account being taken of the risks and dangers which could arise in the absence of a prior inspection. However, the provision to that effect made by this Directive cannot be relied upon in order to justify authorisation schemes which are prohibited by other Community instruments such as Directive 1999/93/EC of the European Parliament and the Council of 13 December 1999 on a Community framework for electronic signatures¹, or Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the internal market ('Directive on electronic commerce'). The results of the process of mutual evaluation will make it possible to determine, at Community level, the types of activity for which authorisation schemes should be eliminated.*

Recital 27 a: *Provisions in this Directive relating to authorisation schemes concern cases where the access to or exercise of a service activity by economic operators require a decision by a competent authority. This concerns neither decisions by competent authorities to set up a public or private entity for the provision of a particular service nor the conclusion of contracts by competent authorities for the provision of a particular service which is governed by rules on public procurements.*

Recital 27 b: *According to the case-law of the Court of Justice, public health and social policy objectives constitute overriding reasons relating to the public interest which can justify the application of authorisation schemes and other restrictions applicable to health care or social services.*

Article 10

Conditions for the granting of authorisation

1. Authorisation schemes shall be based on criteria which preclude the competent authorities from exercising their power of assessment in an arbitrary or discretionary manner.
2. The criteria referred to in paragraph 1 must be:
 - (a) non-discriminatory;
 - (b) objectively justified by an overriding reason relating to the public interest;
 - (c) proportionate to that public interest objective;
 - (d) precise and unambiguous;
 - (e) objective;
 - (f) made public in advance.
3. The conditions for granting authorisation for a new establishment shall not duplicate requirements and controls which are equivalent or essentially comparable as regards their purpose, to which the provider is already subject in another Member State or in the same Member State. The contact points referred to in Article 35 and the provider shall assist the competent authority by providing any necessary information on those requirements.

4. The authorisation shall enable the provider to have access to the service activity, or to exercise that activity, throughout the national territory, including by setting up agencies, subsidiaries, branches or offices, except where an authorisation for each individual establishment or a limitation of the authorisation to a certain part of the territory is objectively justified by an overriding reason relating to the public interest.
5. The authorisation shall be granted as soon as it has been established, in the light of an appropriate examination, that the conditions for authorisation have been met.
6. Any refusal or other response from the competent authorities, including withdrawal of an authorisation, shall be fully reasoned, in particular with regard to the provisions of this Article, and shall be open to challenge before the courts.

Recital 27 c: The authorisation should normally enable the provider to have access to the service activity, or to exercise that activity, throughout the national territory except if a territorial limit is justified by an overriding reason relating to the public interest. For example, the protection of the urban environment justifies to require an authorisation for each individual physical installation on the national territory. This provision does not affect the regional or local competences for the granting of authorisation within the Member States.

Article 11

Duration of authorisation

1. An authorisation granted to a provider shall not be for a limited period, except in cases where:
 - (a) the authorisation is being automatically renewed;
 - (b) the number of available authorisations is limited; or
 - (c) a limited authorisation period can be objectively justified by an overriding reason relating to the public interest.
2. Paragraph 1 shall not concern the maximum period during which the provider must actually commence his activity after receiving authorisation.
3. Member States shall require the provider to inform the relevant single point of contact provided for in Article 6 of ~~any~~ the following changes in his situation which is likely to affect the efficiency of supervision by the competent authority, including, in particular, the creation of subsidiaries whose activities fall within the scope of the authorisation system, or changes in his situation which result in the conditions for authorisation no longer being met, or which affect the accuracy of information available to a recipient.

Recital 27 d: *The provision relating to the duration of authorisation in this Directive does not affect the possibility for Member States to provide for the withdrawal of authorisations, in particular in cases where the conditions for the granting of the authorisations are no longer met.*

Article 12

Selection from among several candidates

1. Where the number of authorisations available for a given activity is limited because of the scarcity of available natural resources or technical capacity, Member States shall ensure that authorisation schemes are based on ~~apply~~ a selection procedures providing ~~to~~ potential candidates ~~which provides~~ full guarantees of impartiality and transparency, including, in particular, adequate publicity about the launch of the procedure.
2. In the cases referred to in paragraph 1, authorisation must be granted for an appropriate limited period and may not be open to automatic renewal, nor confer any other advantage on the provider whose authorisation has just expired or on any person having any particular links with that provider.

Recital 28: *In cases where the number of authorisations available for an activity is limited because of scarcity of natural resources or technical capacity, as may be the position, for example, with regard to the award of analogue radio frequencies ~~or the exploitation of hydro-electric plant~~, a procedure for selection from among several potential candidates must be adopted, with the aim of developing through open competition the quality and conditions for supply of services available to users. Such a procedure must provide guarantees of transparency and impartiality and the authorisation thus granted must not have an excessive duration, or be subject to automatic renewal, or confer any advantage on the successful provider. In particular, the duration of the authorisation granted must be fixed in such a way that it does not restrict or limit free competition beyond what is necessary to enable the provider to recoup the cost of investment and to make a fair return on the capital invested. This provision does not prevent Member States from limiting the number of authorisations ~~Cases where the number of authorisations is limited for reasons other than scarcity of natural resources or technical capacity.~~ These authorisations remain in any case subject to the other provisions of this Directive relating to authorisation schemes.*

Article 13

Authorisation procedures

1. Authorisation procedures and formalities shall be clear, made public in advance and such as to provide relevant ~~interested~~ parties with a guarantee that their application will be dealt with objectively and impartially.
2. Authorisation procedures and formalities shall not be dissuasive and shall not unduly complicate or delay the provision of the service. They shall be easily accessible and any charges which the relevant parties may incur from their application shall be proportionate to the cost of the authorisation procedures in question.
3. Authorisation procedures and formalities shall provide interested parties with a guarantee that their applications will be processed as quickly as possible and, in any event, within a reasonable period which is fixed and published in advance.
4. Failing a response within the time period set in accordance with paragraph 3, authorisation shall be deemed to have been granted. Different arrangements may nevertheless be put in place in respect of ~~certain~~ specific activities, where objectively justified by overriding reasons relating to the public interest.
5. All applications for authorisation shall be acknowledged as quickly as possible. The acknowledgement must specify the following:
 - (a) the period for response referred to in paragraph 3;
 - (b) the available means of redress;
 - (c) where applicable, a statement that in the absence of a response within the period specified, the authorisation shall be deemed to have been granted.

6. In the case of an incomplete application or where an application is rejected on the grounds that it fails to comply with the required procedures or formalities, ~~the persons having an interest in the matter~~ relevant parties must be informed as quickly as possible of the need to supply any additional documentation.

Recital 28 a: *This Directive provides that failing a response within a time period, authorisation shall be deemed to have been granted. However, different arrangements may nevertheless be put in place in respect of certain activities, where objectively justified by overriding reasons relating to public interest. This could be the case for example in respect of health services or for activities which create particular risks for third parties such as private security services.*

SECTION 3

REQUIREMENTS PROHIBITED OR SUBJECT TO EVALUATION

Article 14

Prohibited requirements

Member States shall not make access to or the exercise of a service activity in their territory subject to compliance with any of the following:

- (1) discriminatory requirements based directly or indirectly on nationality or, in the case of companies, the location of the registered office, including in particular:
 - (a) nationality requirements for the provider, his staff, persons holding the share capital or members of the provider's management or supervisory bodies;
 - (b) a requirement that the provider, his staff, persons holding the share capital or members of the provider's management or supervisory bodies be resident within the territory.

- (2) a prohibition on having an establishment in more than one Member State or on being entered in the registers or enrolled with professional bodies or associations of more than one Member State;
- (3) restrictions on the freedom of a provider to choose between a principal or a secondary establishment, in particular an obligation on the provider to have his principal establishment in their territory, or restrictions on the freedom to choose between establishment in the form of an agency, branch or subsidiary;
- (4) conditions of reciprocity with the Member State in which the provider already has an establishment, save in the case of conditions of reciprocity provided for in Community instruments concerning energy;
- (5) the case-by-case application of an economic test making the granting of authorisation subject to proof of the existence of an economic need or market demand, or an assessment of the potential or current economic effects of the activity, or an assessment of the appropriateness of the activity in relation to the economic planning objectives set by the competent authority;
- (6) the direct or indirect involvement of competing operators, including within consultative bodies, in the granting of authorisations or in the adoption of other decisions of the competent authorities, with the exception of professional bodies and associations or other organisations acting as the competent authority;
- (7) an obligation to provide or participate in a financial guarantee, or to take out insurance, from a service-provider or body which is established in their territory;
- (8) an obligation to have been pre-registered ~~entered, for a given period~~ in the registers held in their territory or to have previously exercised the activity ~~for a given period~~ in their territory.

Recital 30: *In order to establish a genuine internal market for services, it is necessary to abolish any restrictions on the freedom of establishment and the free movement of services which are still enshrined in the laws of certain Member States and which are incompatible with Articles 43 and 49 of the Treaty respectively. The restrictions to be prohibited particularly affect the internal market for services and should be systematically dismantled as soon as possible.*

Recital 31: *The Court of Justice has consistently held that the freedom of establishment is predicated, in particular, upon the principle of equal treatment, which entails the prohibition not only of any discrimination on grounds of nationality but also of any indirect discrimination based on other grounds but capable of producing the same result. Thus, access to a service activity or the exercise thereof in a Member State, either as a principal or secondary activity, may not be made subject to criteria such as place of establishment, residence, domicile or principal provision of the service activity. Similarly, a Member State may not restrict the legal capacity or the right to bring legal proceedings of companies incorporated in accordance with the law of another Member State on whose territory they have their primary establishment. Moreover, a Member State may not confer any advantages on providers having a particular national or local socio-economic link; nor may it restrict, on grounds of place of establishment, the provider's freedom to acquire, exploit or dispose of rights and goods or to access different forms of credit or accommodation in so far as those choices are useful for access to his activity or for the effective exercise thereof.*

Recital 32: *The prohibition of economic tests as a prerequisite for the grant of authorisation covers economic tests as such, but not requirements which are objectively justified by overriding reasons relating to the public interest, such as protection of the urban environment. That prohibition does not affect the exercise of the powers of the authorities responsible for applying competition law. The prohibition of direct or indirect involvement of competing operators in the granting of authorisations does not concern the consultation of organisations such as chambers of commerce on matters other than individual applications for authorisation*

Requirements to be evaluated

1. Member States shall examine whether, under their legal system, any of the requirements listed in paragraph 2 are imposed and shall ensure that any such requirements are compatible with the conditions laid down in paragraph 3. Member States shall adapt their laws, regulations or administrative provisions so as to make them compatible with those conditions.
2. Member States shall examine whether their legal system makes access to a service activity or the exercise of it subject to compliance with any of the following non-discriminatory requirements:
 - (a) quantitative or territorial restrictions to the access to a service activity, in particular in the form of limits fixed according to population, or of a minimum geographical distance between service-providers;
 - (b) an obligation on a provider to take a specific legal form, in particular to be a legal person, to be a company with individual ownership, to be a non-profit making organisation or a company owned exclusively by natural persons;
 - (c) requirements which relate to the shareholding of a company, in particular an obligation to hold a minimum amount of capital for certain service activities or to have a specific professional qualification in order to hold capital in or to manage certain companies;
 - (d) requirements, other than those concerning professional qualifications or provided for in other Community instruments, which reserve access to the service activity in question to particular providers by virtue of the specific nature of the activity;
 - (e) a ban on having more than one establishment in the territory of the same State;
 - (f) requirements fixing a minimum number of employees;
 - (g) fixed minimum and/or maximum tariffs with which the provider must comply;

- (h) prohibitions and obligations with regard to selling below cost and to sales;
 - (i) requirements that an intermediary provider must allow access to certain specific services provided by other service-providers;
 - (j) an obligation on the provider to supply other specific services jointly with his service.
3. Member States shall verify that requirements referred to in paragraph 2 satisfy the following conditions:
- (a) non-discrimination: requirements must be neither directly nor indirectly discriminatory according to nationality or, with regard to companies, according to the location of the registered office;
 - (b) necessity: requirements must be objectively justified by an overriding reason relating to the public interest;
 - (c) proportionality: requirements must be suitable for securing the attainment of the objective pursued; they must not go beyond what is necessary to attain that objective; and it must not be possible to replace those requirements with other, less restrictive measures which attain the same result.
4. In the mutual evaluation report provided for in Article 41, Member States shall specify the following:
- (a) the requirements that they intend to maintain and the reasons why they consider that those requirements comply with the conditions set out in paragraph 3;
 - (b) the requirements which have been abolished or made less stringent.
5. From the date of entry into force of this Directive, Member States shall not introduce any new requirement of a kind listed in paragraph 2, unless that requirement satisfies the conditions laid down in paragraph 3 ~~and the need for it arises from new circumstances.~~

6. Member States shall notify to the Commission any new laws, regulations or administrative provisions which set requirements as referred to in paragraph 5, together with the reasons for those requirements. The Commission shall communicate the provisions concerned to the other Member States. Such notification shall not prevent the adoption by Member States of the provisions in question.

Within a period of 3 months from the date of notification, the Commission shall examine the compatibility of any new requirements with Community law and, as the case may be, shall adopt a decision requesting the Member State in question to refrain from adopting them or to abolish them.

***Recital 33:** In order to coordinate the modernisation of national rules and regulations in a manner consistent with the requirements of the internal market, it is necessary to evaluate certain non-discriminatory national requirements which, by their very nature, could severely restrict or even prevent access to an activity or the exercise thereof under the freedom of establishment. This evaluation process is limited to the compatibility of these requirements with the criteria already established by the Court of Justice on the freedom of establishment. It does not concern the application of Community competition law. Member States must ensure, during the transposition period of this Directive, that such requirements are necessary and proportionate and, where appropriate, Where such requirements are discriminatory or not objectively justified by an overriding reason relating to the public interest or where they are disproportionate, they must be abolished or amended. The outcome of this assessment will be different according to the nature of the activities and the public interest concerned. In particular, according to the jurisprudence of the Court of Justice, such requirements could be fully justified when they pursue public health or social policy objectives. Moreover, those requirements must in any case be compatible with Community competition law.*

Recital 33 a: *The mutual evaluation process provided for in this Directive does not affect the freedom of Member States to fix in their legislation a high level of protection of public interests, in particular for achieving health and social policy objectives. Furthermore, the mutual evaluation process has to take fully into account the specificity of services of general economic interest and of the particular tasks assigned to them. These may justify certain restrictions to the freedom of establishment in particular where these pursue the protection of public health and social policy objectives. For example, concerning the obligation to take a specific legal form in order to exercise certain services in the social field, the Court has already recognised that it can be justified to submit the service provider to a requirement to be non profit making.*

Recital 34: *The restrictions to be examined include national rules which, on grounds other than those relating to professional qualifications, reserve access to activities such as ~~games of chance~~ testing or surveying to particular providers. Similarly, among the requirements to be examined are "must carry" rules applicable to cable operators which, by imposing an obligation on an intermediary service provider to give access to certain services delivered by specific service providers, affect his freedom of choice, access to programmes and the choice of the recipients. The evaluation of the compatibility of fixed minimum and/or maximum tariffs with the freedom of establishment concerns only tariffs imposed by competent authorities specifically for the provision of certain services and not, for example, general rules on price indexation such as for the renting of houses;*

Recital 34 a: *The mutual evaluation process means that during the transposition period, Member States will first have to conduct a "screening" of their legislation in order to ascertain whether above mentioned requirements exist in their legal systems and, at the latest by the end of the transposition period, Member States must draw up a report on the results of their screening. Each report will be submitted to all other Member States and interested parties. Member States will then have six months in which to submit their observations on these reports. At the latest by 31 December 2008, the Commission will draw up a summary report, accompanied where appropriate by proposals for further initiatives. If necessary the Commission, in cooperation with the Member States, will assist the Member State in order to design a common methodology.*

Recital 36: *The fact that this Directive specifies a number of requirements to be abolished or evaluated by the Member States during the transposition period is without prejudice to any infringement proceedings against a Member State for failure to fulfil its obligations under Articles 43 or 49 of the Treaty.*

Recital 36 a: *The notification of a draft national law in accordance with Directive 98/34/EC as amended by Directive 98/48/EC will at the same time fulfil the obligation of notification provided for in this Directive. In the event of an extension of the scope of application of Directive 98/34/EC to services other than information society services, the notification procedure provided for in that Directive will, for the services concerned, replace the obligation of notification provided for in this Directive.*

Chapter III

Free movement of services

SECTION 1

COUNTRY OF ORIGIN PRINCIPLE AND DEROGATIONS

Article 16

Country of origin principle

- (1) Member States shall ensure that providers are subject only to the national provisions of their Member State of origin which fall within the coordinated field.

Paragraph 1 shall cover national provisions relating to access to and the exercise of a service activity, in particular those requirements governing the behaviour of the provider, the quality or content of the service, advertising, contracts and the provider's liability.

- (2) The Member State of origin shall be responsible for supervising the provider and the services provided by him, including services provided by him in another Member State.
- (3) Member States may not, for reasons falling within the coordinated field, restrict the freedom to provide services in the case of a provider established in another Member State, in particular, by imposing any of the following requirements:
 - (a) an obligation on the provider to have an establishment in their territory;
 - (b) an obligation on the provider to make a declaration or notification to, or to obtain an authorisation from, their competent authorities, including entry in a register or registration with a professional body or association in their territory;
 - (c) an obligation on the provider to have an address or representative in their territory or to have an address for service at the address of a person authorised in that territory;

- (d) a ban on the provider setting up a certain infrastructure in their territory, including an office or chambers, which the provider needs to supply the services in question;
- (e) an obligation on the provider to comply with requirements, relating to the exercise of a service activity, applicable in their territory;
- (f) the application of specific contractual arrangements between the provider and the recipient which prevent or restrict service provision by the self-employed;
- (g) an obligation on the provider to possess an identity document issued by its competent authorities specific to the exercise of a service activity;
- (h) requirements which affect the use of equipment which is an integral part of the service provided;
- (i) restrictions on the freedom to provide the services referred to in Article 20, the first subparagraph of Article 23(1) or Article 25(1).

Recital 37: *In order to secure effective implementation of the free movement of services and to ensure that recipients and providers can benefit from and supply services throughout the Community regardless of frontiers, it is necessary to establish the principle that a provider may be subject only to the law of the Member State in which ~~he is established~~ the place of establishment, through which the service concerned is provided, is located. According to the definition of establishment this requires that the service provider actually pursues an economic activity through a fixed establishment in this Member State. The principle is essential in order to enable providers, especially SMEs, to avail themselves with full legal certainty of the opportunities offered by the internal market. By thus facilitating the free movement services between Member States, ~~the~~ principle, together with harmonisation and mutual assistance measures, also enables recipients to gain access to a wider choice of high quality services from other Member States. ~~The~~ principle should be complemented by an assistance mechanism enabling the recipient, in particular, to be informed about the laws of the other Member States, and by the harmonisation of rules on the transparency of service activities.*

Recital 38: *It is also necessary to ensure that supervision of service activities is carried out at source, that is to say, by the competent authorities of the Member State in which the place of establishment, through which the service is provided, is located ~~provider is established~~. The competent authorities of the country of origin are best placed to ensure the effectiveness and continuity of supervision of the provider and to provide protection for recipients not only in their own Member State but also elsewhere in the Community. However, this responsibility does not imply that the authorities of the Member State of origin must themselves carry out checks and controls on the territory of the Member State of destination; such measures shall be taken by the authorities of the Member State of destination pursuant to the mutual assistance obligations and the partnership between national authorities established in this Directive. In order to establish mutual trust between Member States in the regulation of service activities, it should be clearly laid down that responsibility under Community law for supervision of the activities of providers, regardless of the place where the service is provided, lies with the Member State of origin. Determination of ~~judicial~~ Court jurisdiction does not fall within the scope of this Directive. Jurisdiction of Courts in civil matters is dealt with in ~~but within that of~~ Council Regulation (EC) No 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters¹, or other Community instruments such as Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services.*

Recital 39: *As a corollary to the principle that the law of the country of origin should apply and that the country of origin should be responsible for supervision, it is necessary to lay down the principle that Member States may not restrict services coming from another Member State.*

Article 17

General derogations from the country of origin principle

Article 16 shall not apply to the following:

- (1) postal services ~~covered by~~ ~~within the meaning of point (1) of Article 2 of Directive 97/67/EC~~ of the European Parliament and the Council;¹⁰
- (2) electricity transmission, distribution and supply services within the meaning of point (5) of Article 2 of Directive 2003/54/EC of the European Parliament and of the Council¹¹;
- (3) gas transmission, distribution, supply and storage services within the meaning of point (5) of Article 2 of Directive 2003/55/EC of the European Parliament and of the Council¹²;
- (4) water distribution and supply services and waste water services;
- (5) as regards the terms and conditions of employment concerning workers employed for the provision of a service, matters covered by Directive 96/71/EC on the posting of workers in the framework of the provision of services;
- (6) as regards data protection, matters covered by Directive 95/46/EC of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data and on the free movement of such data¹³;
- (7) as regards lawyers, matters covered by Council Directive 77/249/EEC to facilitate the effective exercise by lawyers of freedom to provide services¹⁴;
- (8) as regards professional qualifications, matters covered by Title II the provisions of Article [...] of Directive .././EC on the recognition of professional qualification;

¹⁰ OJ L 15, 21.1.1998, p. 14.

¹¹ OJ L 176, 15.7.2003, p. 37.

¹² OJ L 176, 15.7.2003, p. 57.

¹³ OJ L 281, 28.11.1995, p. 1.

¹⁴ OJ L 78, 26.3.1997, p. 17.

- (9) as regards social security, the provisions of Regulation (EEC) No 1408/71[(EC) No 883/2004] of the European Parliament and of the Council on the coordination of social security systems¹⁵ determining the applicable legislation;
- (10) as regards administrative formalities concerning the free movement of persons and their residence, the provisions of Directive 2004/38/EC of the European Parliament and the Council on the right of citizens of the Union and their family members to move and reside freely within the territory of the Member States, amending Regulation (EEC) 1612/68 and repealing Directives 64/221/EEC, 68/360/EEC, 72/194/EEC, 73/148/EEC, 75/34/EEC, 75/35/EEC, 90/364/EEC, 90/365/EEC and 93/96/EEC ¹⁶ that lay down the administrative formalities that beneficiaries must undertake before the competent authorities of the host Member States;
- (11) as regards in the case of posting third country nationals who move to another Member State in the context of the provision of a service, the requirements referred to in article 25(2) for a short stay visa imposed by the Member State of posting, subject to the conditions set out in Article 25(2);
- (12) as regards the shipment of waste, the authorisation regime provided for in Articles 3 and 4 of Council Regulation (EEC) No 259/93 on the supervision and control of shipments of waste within, into and out of the European Community¹⁷;
- (13) copyright, neighbouring rights, rights covered by Council Directive 87/54/EEC¹⁸ and by Directive 96/9/EC of the European Parliament and of the Council¹⁹ as well as industrial property rights;
- (14) acts requiring by law the involvement of a notary;
- (15) statutory audit;

¹⁵ OJ L 166, 30.4.2004, p.1.

¹⁶ OJ L 158, 30.4.2004, p.77.

¹⁷ OJ L 30, 6.2.1993, p. 1.

¹⁸ OJ L 24, 27.1.1987, p. 36.

¹⁹ OJ L 77, 27.3.1996, p. 20.

- (16) services which, in the Member State to which the provider moves temporarily in order to provide his service, are prohibited ~~covered by a total~~ when this prohibition ~~which~~ is justified by reasons relating to public policy, public security or public health;
- (17) specific requirements of the Member State to which the provider moves, that are directly linked to the particular characteristics of the place where the service is provided, or to the particular risk created by the service at the place where the service is provided, and with which compliance is indispensable for reasons of public policy or public security or for the protection of public health or the environment;
- (18) the authorisation system applicable to the reimbursement of hospital care;
- (19) the registration of vehicles leased in another Member State;
- (20) the freedom of parties to choose the law applicable to their contract;
- (21) ~~contracts for the provision of services~~ concluded by consumers to the extent that the provisions governing them are not completely harmonised at Community level;
- (22) the formal validity of contracts creating or transferring rights in immovable property, where contracts are subject, under the law of the Member State in which the property is located, to imperative formal requirements;
- (23) the non-contractual liability of a provider in the case of an accident involving a person and occurring as a consequence of the service provider's activities in the Member State to which he has moved temporarily.

Recital 40: *It is necessary to provide that the rule that the law of the country of origin is to apply may be departed from only in the areas covered by derogations, general, ~~or~~ transitional or case-by-case derogations. Those derogations are necessary in order to take into account the level of integration of the internal market or certain Community instruments relating to services pursuant to which a provider is subject to the application of a law other than that of the Member State of origin. Moreover, by way of exception, measures against a given provider may also be adopted in certain individual cases and under certain strict procedural and substantive conditions. In order to ensure the legal certainty which is essential in order to encourage SMEs to provide their services in other Member States, those derogations should be limited to what is strictly necessary. In particular, case by case derogations should be possible only for reasons related to the safety of services, exercise of a health profession or matters of public policy, such as the protection of minors, and to the extent that national provisions in this field have not been harmonised. In addition, any restriction of the freedom to provide services should be permitted, by way of exception, only if it is consistent with fundamental rights which, as the Court of Justice has consistently held, form an integral part of the general principles of law enshrined in the Community legal order.*

Recital 40 a: *In areas covered by derogations from the country of origin principle, the applicable law has to be determined according to general principles governing the territorial scope of application of national law and rules on private international law and in conformity with Article 49 of the Treaty. In these areas the law applicable to the contractual and extra contractual obligations of the service provider is determined in accordance with instruments on private international law. For example, pending complete harmonisation of laws relating to consumer contracts, the applicable law is determined by the Rome Convention.*

Recital 41: *In cases where a provider moves temporarily to a Member State other than the Member State of origin, it is necessary to provide for mutual assistance between those two States so that the former can carry out checks, inspections and enquiries at the request of the Member State of origin or carry out such checks on its own initiative if these are merely factual checks. Moreover, it should be possible in the case of posted workers for the Member State of posting to take action against a provider established in another Member State in order to ensure compliance with the employment and working conditions applicable under Directive 96/71/EC.*

Recital 41 a: *The derogation concerning postal services covers both activities reserved to the universal service provider and other postal services.*

Recital 41 b: *The country of origin principle does not apply to terms and conditions of employment which, pursuant to Directive 96/71/EC concerning the posting of workers, apply to workers posted for providing a service into the territory of another Member State. In such cases, Directive 96/71/EC stipulates that service providers have to comply with terms and conditions of employment in a listed number of areas applicable in the Member State where the service is provided. These are: maximum work periods and minimum rest periods, minimum paid annual holidays, the minimum rates of pay, including overtime rates, the conditions of hiring-out of workers, in particular the supply of workers by temporary employment undertakings, health, safety and hygiene at work, protective measures with regard to the terms and conditions of employment of pregnant women or women who have recently given birth, of children and of young people, equality of treatment between men and women and other provisions on non-discrimination. This concerns not only such terms and employment conditions which are laid down by law but also those laid down in collective agreements provided that they are either officially declared or de facto universally applicable within the meaning of Directive 96/71/EC. Moreover, the derogation from the country of origin principle also applies to the same terms and conditions of employment in cases where the worker employed for the provision of a cross border service is recruited in the Member State where the service is provided.*

Recital 41 c: *The derogation from the country of origin principle for matters covered by Directive 96/71/EC includes the right for the Member States where the service is provided to determine the existence of an employment relationship and the distinction between self-employed persons and employed persons, including “false self-employed persons”. In that respect, according to the jurisprudence of the Court of Justice, the essential characteristic of an employment relationship within the meaning of Article 39 EC is the fact that for a certain period of time a person provides services for and under the direction of another person in return for which he receives remuneration; any activity which a person performs outside a relationship of subordination must be classified as an activity pursued in a self-employed capacity for the purposes of Article 43 and 49 of the Treaty.*

Recital 42: *It is appropriate to provide for derogation from the country of origin principle in the case of services which are covered by a general prohibition in the Member State to which a provider has moved, if that prohibition is objectively justified by reasons relating to public policy, public security or public health, including for reasons relating to the protection of human dignity. This derogation also covers cases where services are prohibited but are allowed under certain specific circumstances. That derogation should be limited to general prohibitions and should not, for example, cover national schemes which, while not prohibiting an activity in a general manner, reserve the exercise of that activity to one or several specific operators, or which prohibit the exercise of an activity without prior authorisation. The fact that a Member State permits an activity, but reserves it to certain operators, means that the activity is not subject to a general prohibition and is not regarded as inherently contrary to public policy, public security or public health. Consequently, a general derogation for the exclusion of such an activity from the country of origin principle scope of the Directive would not be justified.*

Recital 43: *The country of origin principle should not apply to specific requirements, laid down by the Member State to which a provider has moved, the rationale for which is inextricably linked to the particular characteristics of the place where the service is provided, or to the particular risk created by the service at the place where the service is provided, and which must be fulfilled in order to maintain public policy, public safety, public health or the protection of the environment. Such would be the position, for example, in the case of authorisations to occupy or use the public highway, requirements relating to the organisation of public events or requirements relating to the safety of building sites including rules on working environment or the protection of workers, self-employed persons, or the public.*

Recital 44: *The exclusion from the country of origin principle of matters relating to the registration of vehicles leased in a Member State other than that in which they are used follows from the case-law of the Court of Justice, which has recognised ~~accepted~~ that a Member State may impose such an obligation, in accordance with proportionate conditions, in the case of vehicles used on its territory. That exclusion does not cover occasional or temporary rental.*

Recital 45: *A number of Directives concerning contracts concluded by consumers have already been adopted at Community level. However, the approach followed by those Directives is one of minimal harmonisation. In order to limit as far as possible divergences between consumer protection rules across the Community that fragment the internal market to the detriment of consumers and enterprises, the Commission stated in its Communication on consumer policy strategy 2002-2006 that one of its key priorities would be full harmonisation. Furthermore, the Commission stressed in its Action Plan on "A more coherent European contract law" the need for greater coherence in European consumer law which would entail, in particular, a review of the existing law on contracts concluded with consumers in order to remedy residual inconsistencies, to fill gaps and to simplify legislation.*

Recital 46: *It is appropriate to apply the country of origin principle to the field of contracts concluded by consumers for the supply of services only to the extent that Community Directives provide for full harmonisation, because in such cases the levels of consumer protection are equivalent. The derogation from the country of origin principle relating to the non-contractual liability of a provider in the case of an accident involving a person and occurring as a consequence of the service provider's activities in the Member State into which he has moved temporarily concerns physical or material damage suffered by a person in the accident.*

Article 18

Transitional derogations from the country of origin principle

1. Article 16 shall not apply for a transitional period to the following:
 - (a) the way in which cash-in-transit services are exercised;
 - (b) gambling activities which involve wagering a stake with pecuniary value in games of chance, including lotteries and betting transactions;
 - (c) access to the activity of judicial recovery of debts.
2. The derogations referred to in points (a) and (c) of paragraph 1 of this Article shall not apply after the date of application of the harmonisation instruments referred to in Article 40(1) or in any case after 1 January 2010.
3. The derogation referred to in point (b) of paragraph 1 of this Article shall not apply after the date of application of the harmonisation instrument referred to in Article 40(1)(b).

Recital 46 a: The derogation from the country of origin relating to the judicial recovery of debt and the reference to a possible future harmonisation instrument does not concern requirements relating to the professional qualification of the service provider nor judicial procedures relating to the recovery of debt which come under Community policy on justice and cooperation.

Article 19

Case-by-case derogations from the country of origin principle

1. By way of derogation from Article 16, and in exceptional circumstances only, a Member State may, in respect of a provider established in another Member State, take measures relating to any of the following:
 - (a) the safety of services, including aspects related to public health;
 - (b) the exercise of a health profession;
 - (c) the protection of public policy, notably aspects related to the protection of minors.
2. The measures provided for in paragraph 1 may be taken only if the mutual assistance procedure laid down in Article 37 is complied with and all the following conditions are fulfilled:
 - (a) the national provisions in accordance with which the measure is taken have not been subject to Community harmonisation in the fields referred to in paragraph 1;
 - (b) the measures provide for a higher level of protection of the recipient than would be the case in a measure taken by the Member State of origin in accordance with its national provisions;
 - (c) the Member State of origin has not taken any measures or has taken measures which are insufficient as compared with those referred to in Article 37(2);
 - (d) the measures are proportionate.
3. Paragraphs 1 and 2 shall be without prejudice to provisions, laid down in Community instruments, which guarantee the freedom to provide services or which allow derogations therefrom.

Recital 47: *It is necessary to allow Member States the possibility, exceptionally and on a case-by-case basis, of taking measures which derogate from the country of origin principle in respect of a provider established in another Member State, for certain reasons such as the safety of services. It should be possible to take such measures only in the absence of harmonisation at Community level. Moreover, that possibility should not permit restrictive measures to be taken in areas in which other Directives prohibit all derogation from the free movement of services, such as Directive 1999/93/EC or Directive 98/84/EC of the European Parliament and the Council of 20 November 1998 on the legal protection of services based on, or consisting of, conditional access¹. Nor should that possibility permit the extension or limitation of derogations provided for in other Directives, such as Council Directive 89/552/EEC of 3 October 1989 on the coordination of certain provisions laid down by law, regulation or administrative action in Member States concerning the pursuit of television broadcasting activities¹ or Directive 2000/31/EC.*

Recital 47 a: *The application of the country of origin principle in the field of health services is limited in scope given that many health services require an establishment in the Member State where the service is provided, such as a hospital or a surgery, and therefore are not subject to the country of origin principle. Furthermore, cross border health services are the subject of important general derogations from the country of origin principle such as the derogation concerning professional qualifications or the derogation concerning the risk at the place where the service is provided which includes standards of hygiene. Nevertheless, given the importance of the protection of public health it is necessary that, in any event, a Member State maintains a possibility to intervene on a case-by-case basis to take measures against service providers from other Member States.*

Section 2

RIGHTS OF RECIPIENTS OF SERVICES

Article 20

Prohibited restrictions

Member States may not impose on a recipient requirements which restrict the use of a service supplied by a provider established in another Member State, in particular the following requirements:

- (a) an obligation to obtain authorisation from or to make a declaration to their competent authorities;
- (b) discriminatory limits on tax deductibility or on the grant of financial assistance provided for the use of a particular service by reason of the fact that the provider is established in another Member State or by reason of the location of the place at which the service is provided;
- (c) requirements which subject the recipient to discriminatory ~~or disproportionate~~ taxes on the equipment necessary to receive a service at a distance from another Member State.

Recital 48: *Restrictions on the free movement of services, contrary to this Directive, may arise not only from measures applied to providers, but also from the many barriers to the use of services by recipients, especially consumers. This Directive mentions, by way of illustration, certain types of restriction applied to a recipient wishing to use a service performed by a provider established in another Member State. Such discriminatory restrictions include national rules according to which tax deductibility or financial assistance concerning the costs of language or vocational training are limited to cases where such training is carried out on the territory of the Member State concerned.*

Article 21

Non-discrimination

1. Member States shall ensure that the recipient is not made subject to discriminatory requirements based on his nationality or place of residence.
2. Member States shall ensure that the general conditions of access to a service, which are made available to the public at large by the provider, do not contain discriminatory provisions relating to the nationality or place of residence of the recipient, but without precluding the possibility of providing for differences in the conditions of access where those differences are directly justified by objective criteria.

Recital 49: *In accordance with the Treaty rules on the free movement of services, as interpreted by the Court of Justice, discrimination on grounds of the recipient's nationality or national or local residence is prohibited. Such discrimination could take the form of an obligation, imposed only on nationals of another Member State, to supply original documents, certified copies, a certificate of nationality or official translations of documents in order to benefit from a service or from more advantageous terms or prices. However, the prohibition of discriminatory requirements does not preclude the reservation of advantages, especially as regards tariffs, to certain recipients, if such reservation is based on legitimate, objective criteria, such as a direct link to taxes paid by those recipients.*

Recital 50: *If an internal area without frontiers is to be effectively achieved, Community citizens must neither be prevented from benefiting from a service which is technically accessible on the market, nor be made subject to different conditions and tariffs, by reason of their nationality or place of residence. The persistence of such discrimination with respect to the recipients of services highlights, for the Community citizen, the absence of a genuine internal market in services and, in a more general sense, compromises the integration of the peoples of Europe. The principle of non-discrimination within the internal market means that access by a recipient, and especially by a consumer, to a service on offer to the public may not be denied or hampered by application of a criterion, included in general conditions made available to the public, relating to the recipient's nationality or place of residence. It does not follow that provision may not be made in such general conditions for variable tariffs and conditions to apply to the provision of a service, where those tariffs and conditions are directly justified for objective reasons such as additional costs effectively incurred because of the distance involved or the technical characteristics of the provision of the service, or different market conditions, or extra risks linked to rules differing from those of the Member State of origin.*

Article 22

Assistance for recipients

1. Member States shall ensure that recipients can obtain, in their Member State of residence, the following information:
 - (a) information on the requirements applicable in other Member States relating to access to and exercise of service activities, in particular those relating to consumer protection;
 - (b) general information on the means of redress available in the case of a dispute between a provider and a recipient;
 - (c) the contact details of associations or organisations, including Euroguichets and the contact points of the European extra-judicial network (EEJ-net), from which providers or recipients may obtain practical assistance.
2. Member States may confer responsibility for the task referred to in paragraph 1 to single points of contact or to any other body, such as Euroguichets, the contact points of the European extra-judicial network (EEJ-net), consumer associations or Euro Info Centres.

By the date specified in Article 45 at the latest, Member States shall communicate to the Commission the names and contact details of the designated bodies. The Commission shall transmit them to all Member States.
3. In order to be able to send the information referred to in paragraph 1, the relevant body approached by the recipient shall if necessary contact the relevant body for the Member State concerned. The latter shall send the information requested as soon as possible. Member States shall ensure that those bodies give each other mutual assistance and shall put in place all possible measures for effective cooperation.
4. The Commission shall, in accordance with the procedure referred to in Article 42(2), adopt measures for the implementation of paragraphs 1, 2 and 3, specifying the technical mechanisms for the exchange of information between the bodies of the various Member States and, in particular, the interoperability of information systems.

Article 23

Assumption of health care costs

1. Member States may not make assumption of the costs of non-hospital care in another Member State subject to the granting of an authorisation, where the cost of that care, if it had been provided in their territory, would have been assumed by their social security system.

The conditions and formalities to which the receipt of non-hospital care in their territory is made subject by Member States, such as the requirement that a general practitioner be consulted prior to consultation of a specialist, or the terms and conditions relating to the assumption of the costs of certain types of dental care, may be imposed on a patient who has received non-hospital care in another Member State.

1. a (ex Art. 4§3) : “hospital care” means medical care which, in the Member State of affiliation of the patient, is provided in a hospital infrastructure either because the care requires accommodation of the patient or it can only be provided within a hospital infrastructure because it is highly specialised or presents a manifest risk to the patient. The name, organisation and financing of that infrastructure is irrelevant for the purposes of classifying such care as hospital care ~~means medical care which can be provided only within a medical infrastructure and which normally requires the accommodation therein of the person receiving the care, the name, organisation and financing of that infrastructure being irrelevant for the purposes of classifying such care as hospital care;~~
2. Authorisation to receive hospital care in other Member States shall be granted in accordance with Member States shall ensure that authorisation for assumption by their social security system of the cost of hospital care provided in another Member State is not refused Article 22 of Regulation (EEC) 1408/71 [and with Article 20 of Regulation (EC) No 883/2004] of the European Parliament and of the Council on the coordination of social security systems. where the treatment in question is among the benefits provided for by the legislation of the Member State of affiliation and where such treatment cannot be given to the patient within a time frame which is medically acceptable in the light of the patient's current state of health and the probable course of the illness

3. Member States shall ensure that the level of assumption by their social security system of the costs of health care provided in another Member State is not lower than that provided for by their social security system in respect of similar health care provided in their territory. The assumption of costs is limited to the actual costs of the health care received.
4. Member States shall ensure that their authorisation systems for the assumption of the costs of health care provided in another Member State are in conformity with Articles 9, 10, 11 and 13.

Recital 51: *In accordance with the principles established by the Court of Justice with regard to the freedom to provide services, and without endangering the financial balance of Member States' social security systems, greater legal certainty as regards the reimbursement of health costs should be provided for patients, who benefit as recipients from the free movement of services, and for health professionals and managers of social security systems.*

Recital 52: *Council Regulation (EEC) No 1408/71 of 14 June 1971 on the application of social security schemes to employed persons, to self-employed persons and to members of their families moving within the Community¹ and, in particular, its provisions regarding affiliation to a system of social security, fully applies to employed and self-employed workers who provide or take part in the supply of a service. This Directive complements Regulation (EEC) 1408/71 with respect to the reimbursement of costs for non hospital care for which no prior authorisation has been sought by the patient.*

Recital 53: Article 22 of Regulation (EEC) No 1408/71, which concerns authorisation for assuming the costs of health care provided in another Member State, contributes, as the Court of Justice has emphasised, to facilitating the free movement of patients and the provision of cross-border medical services. This provision continues to fully apply to hospital care where according to the jurisprudence of the Court of Justice Member States can maintain requirements of prior authorisation for the assumption of costs received in other Member States. It also continues to fully apply to non hospital care if patients ask for an authorisation in order to benefit from the special scheme applicable under Regulation 1408/71. The purpose of Article 22 of Regulation (EEC) 1408/71 ~~that provision~~ is to ensure that insured persons possessing an authorisation have access to health care in another Member State under conditions which, as regards the assumption of costs, are as favourable as those applying to insured persons in that Member State. It thus confers on insured persons rights they would not otherwise have and facilitates the free movement of services. On the other hand, that provision does not seek to regulate, nor in any way to prevent, reimbursement, at the rates applicable in the Member State of affiliation, of the costs of ~~health~~ non hospital care provided in another Member State ~~even~~ in the absence of a prior authorisation.

Recital 54: In the light of the case-law developed by the Court of Justice on the free movement of services, it is necessary to abolish the requirement of prior authorisation for reimbursement by the social security system of a Member State for non-hospital care provided in another Member State, and Member States must amend their legislation accordingly. In so far as the reimbursement of such care remains within the limits of the cover guaranteed by the sickness insurance scheme of the Member State of affiliation, abolition of the prior authorisation requirement is not likely to seriously ~~to~~ disrupt the financial equilibrium of social security systems. As the Court of Justice has consistently held, the conditions under which Member States grant non-hospital care on their own territory remain applicable in the case of care provided in a Member State other than that of affiliation in so far as those conditions are compatible with Community law. By the same token, authorisation schemes for the assumption of costs of care in another Member State must comply with this Directive as regards the conditions for granting authorisation and the related procedures.

Recital 55: *As the Court of Justice has consistently held with regard to the free movement of services, a system of prior authorisation for the reimbursement of hospital care provided in another Member State appears justified by the need to plan the number of hospital infrastructures, their geographical distribution, the mode of their organisation, the equipment with which they are provided and even the nature of the medical services which they are able to offer. The aims of such planning are to ensure, within each Member State, sufficient permanent access to a balanced range of quality hospital care, to secure efficient cost management and, so far as is possible, to avoid wastage of financial, technical or human resources. In accordance with the case-law of the Court of Justice, the concept of hospital care must be objectively defined ~~and a system of prior authorisation must be proportionate to the general interest objective pursued~~ taking into account the costs and the need for planning relating to hospital infrastructures.*

Recital 56: *Article 22 of Council Regulation (EEC) No 1408/71 specifies the circumstances in which the competent national institution may not refuse an authorisation sought on the basis of that provision. Member States may not refuse authorisation in cases where the hospital care in question, when provided in their territory, is covered by their social security system, and treatment which is identical or equally effective cannot be obtained in time in their territory under the conditions laid down by their social security system. The Court of Justice has consistently held that the condition relating to acceptable delay must be considered together with all the circumstances of each case, taking due account not only of the medical condition of the patient at the time when authorisation is requested, but also his medical history and the probable evolution of his illness.*

Recital 57: *The assumption of costs, by the social security systems of the Member States, in respect of health care provided in another Member State must not be lower than that provided for by their own social security system for health care provided in their territory. As the Court has consistently pointed out with regard to the free movement of services, in the absence of authorisation, the reimbursement of non-hospital care in accordance with the scales of the Member State of affiliation would not have a significant effect on the financing of its social security system. In cases where authorisation has been granted, in the framework of Article 22 of Regulation (EEC) No 1408/71, the assumption of costs is made in accordance with the rates applicable in the Member State in which the health care is provided. However, if the level of coverage is lower than that to which the patient would have been entitled if he had received the same care in the Member State of affiliation, the latter must assume the remaining costs up to the level which would have applied. Member States are not required to assume travel expenses.*

Recital 57 a: *The distinction between hospital care and non hospital care is according to the jurisprudence of the Court of Justice based on the fact that medical services provided in a hospital take place within an infrastructure with undoubtedly distinct characteristics and that in particular, the number of hospitals, their geographical distribution, the mode of their organisation and the equipment with which they are provided, as well as the nature of the medical services which they are able to offer are matters for which planning must be possible. The necessary planning not only ensures that there is sufficient and permanent access to a balanced range of high-quality hospital treatment but also to control costs and to prevent inefficiency of financial, technical and human resources. Accordingly medical care has to be considered as hospital care within the meaning of the jurisprudence of the Court not only if it requires accommodation of the patient but also if it requires hospital infrastructure including emergency and intensive care facilities in case of treatments which present a particular risk for the patient or highly specialised and very cost intensive medical equipment which is normally limited to hospitals such as computer tomography.*

Section 3

POSTING OF WORKERS

Article 24

Specific provisions on the posting of workers

1. Where a provider posts a worker to another Member State in order to provide a service, the Member State ~~of posting~~ where the service is provided shall carry out in its territory the checks, inspections and investigations necessary to ensure compliance with the employment and working conditions applicable under Directive 96/71/EC and shall take, in accordance with Community law, measures in respect of a service provider who fails to comply with those conditions.

However, the Member State ~~of posting~~ where the service is provided may not make the provider or the posted worker subject to any of the following obligations, as regards the matters referred to in point (5) of Article 17:

- (a) to obtain authorisation from, or to be registered with, its own competent authorities, or to satisfy any other equivalent requirement;
 - (b) to make a declaration, other than declarations relating to an activity referred to in the Annex to Directive 96/71/EC which may be maintained until 31 December 2008; this does not concern declarations directly linked to compliance with specific employment conditions such as the declarations to holiday funds provided that they can be made after the start of the service provision.
 - (c) to have a representative established in its territory;
 - (d) to hold and keep employment documents in its territory or in accordance with the conditions applicable in its territory which by their nature and purpose are normally held at the place of establishment. This does not affect obligations to hold and keep documents at the place of posting which by their nature and purpose are created at the place at which the service is provided, such as time sheets or documents relating to health and safety issues specific to the location at which the service is provided.
2. In the circumstances referred to in paragraph 1, the Member State of origin shall ensure that the provider takes all measures necessary to be able to communicate as quickly as possible the following information, both to its competent authorities and to those of the Member State where the service is provided of posting, within and to hold this information at their disposal until two years of the end of the posting:

- (a) the identity of the posted worker;
- (b) his position and the nature of the tasks attributed to him,
- (c) the contact details of the recipient,
- (d) the place of posting,
- (e) the start and end dates for the posting,
- (f) the employment and working conditions applicable under Directive 96/71/EC and applied to the posted worker.

In the circumstances referred to in paragraph 1, the Member State of origin shall assist the Member State of posting to ensure compliance with the employment and working conditions applicable under Directive 96/71/EC and shall, on its own initiative, communicate to the Member State where the service is provided ~~of posting~~ the information specified in the first subparagraph where the Member State of origin is aware of specific facts which indicate possible irregularities on the part of the provider in relation to employment and working conditions.

Recital 58: *As regards the posting of workers in the context of the provision of services in a Member State other than the Member State of origin, it is necessary to clarify the division of roles and tasks between the Member State of origin and the Member State of posting, in order to facilitate the free movement of services. The present Directive does not aim to address issues of labour law as such. The division of tasks and the specifying of the forms of cooperation between the Member State of origin and the Member State of posting facilitates the free movement of services, especially by abolishing certain disproportionate administrative procedures, while also improving the monitoring of compliance with employment and working conditions in accordance with Directive 96/71/EC.*

Recital 59: *In order to avoid discriminatory or disproportionate administrative formalities, which would be a disincentive to SMEs in particular, it is necessary to preclude the Member State of posting from making postings subject to compliance with requirements such as an obligation to request authorisation from the authorities. ~~The obligation~~ prohibition to make require a declaration to the authorities of the Member State where the service is provided only prevents Member States from requiring systematic prior declarations in each case of a posting of worker but does not prevent them from requiring that service providers file declarations or complete forms relating to specific employment conditions which must be respected such as forms relating to contributions to funds dealing with the payments of holidays, provided that such declarations can be made after the beginning of the service provision ~~of posting should also be prohibited.~~ However, given the specific risks of irregularities in the construction sector it should be possible to maintain ~~such~~ an obligation to make a declaration until 31 December 2008 in the field of building work in accordance with the Annex to Directive 96/71/EC. In that connection, a group of Member State experts on the application of that Directive are studying ways to improve administrative cooperation between Member States in order to facilitate supervision.*

Recital 59 a: *The prohibition to oblige service providers posting workers into another Member State to have a representative established in the territory of that Member State does not prevent Member States from requiring a service provider who posts workers into their territory to designate one of the workers to represent the service provider for the duration of the service provision. The Directive prevents Member States from imposing on service providers posting workers on their territory to systematically ship all employment documents which are normally kept at the place of establishment of the company to their territory and keep them there; this does not concern documents which in the normal course of work are established and kept at the work place, such as time-sheets. Moreover, this provision does not prevent the host Member State authorities from demanding the service provider directly to submit documents in the event of a control and from enforcing that demand in case of non-compliance. In such cases the authorities can require that the documents must be transferred as quickly as possible for example via express mail, by fax or e-mail. Furthermore, as regards employment and working conditions other than those laid down in Directive 96/71/EC, it should not be possible for the Member State of posting to take restrictive measures against a provider established in another Member State.*

Recital 59 b: *This Directive is without prejudice to the law of the Member State concerning collective action to defend the interest of traders and professions. It is also without prejudice to the negotiation and conclusion of collective agreements.*

Article 25

Posting of third country nationals

1. Subject to the possibility of derogation as referred to in paragraph 2, where a provider posts a worker who is a national of a third country to the territory of another Member State in order to provide a service there, the Member State of posting may not require the provider or the worker posted by the latter to hold an entry, exit, residence or work permit, or to satisfy other equivalent conditions.
2. Paragraph 1 does not prejudice the possibility for Member States to require ~~a short-term~~ visa or resident permits for third country nationals who are not covered by the mutual recognition regime provided for in Chapter IV of Title 2 Article 21 of the Convention implementing the Schengen Agreement. Paragraph 1 does not prejudice the possibility for Member States to oblige third country nationals to report to the competent authorities of the Member State in which the service is provided on or after his entry.
3. In the circumstances referred to in paragraph 1, the Member State of origin shall ensure that a provider posts only a worker who is resident in its territory in accordance with its own national rules and who is lawfully employed in its territory prior to the posting.

The Member State of origin shall not regard a posting made in order to provide a service in another Member State as interrupting the residence or activity of the posted worker and shall not refuse to readmit the posted worker to its territory on the basis of its national rules.

The Member State of origin shall communicate to the Member State of posting, upon its request and in the shortest possible time, information and guarantees regarding compliance with the first subparagraph and shall impose the appropriate penalties in cases of non-compliance.

Recital 60: *By virtue of the free movement of services, a service provider is entitled to post workers even if they are not Community citizens but third country nationals, provided that they are legally present and lawfully employed in the Member State of origin. This does not affect the principle of Community preference as referred to in the annexes of the Accession Treaties. It is appropriate to place the Member State of origin under an obligation to ensure that any posted worker who is a third country national fulfils the conditions for residence and lawful employment laid down in its legislation, including with regard to social security. Workers employed by an undertaking established in a Member State and who are sent out to another Member State for the purposes of providing services there do not purport to gain access to the labour market of that second State, as they return to their country of origin or residence after the completion of their work. Therefore it is necessary to prevent Member States from imposing work permits or equivalent measures concerning entry, exit or residence insofar as these measures are aimed at limiting access to the labour market. This does not prevent Member States to impose visa requirements for other reasons relating to immigration policy in conformity with Community law. It is also appropriate to preclude the host Member State from imposing on the worker or the provider any preventative controls, especially as regards right of entry or residence permits, except in certain cases. Nor should it be possible for the host Member State to impose any obligations such as possession of an employment contract of indefinite duration or a record of previous employment in the Member State of origin of the provider.*

Recital 61: *Following the adoption of Council Regulation (EC) No 859/2003 of 14 May 2003 extending the provisions of Regulation (EEC) No 1408/71 and Regulation (EEC) No 574/72 to nationals of third countries who are not already covered by those provisions solely on the ground of their nationality¹, third country nationals are covered by a system of cooperation on the application of social security schemes to employed persons and to members of their families moving within the Community, established by Regulation (EEC) No 1408/71, under which the rules of the country under whose social security scheme the worker is insured are to apply.*

Chapter IV

Quality of services

Article 26

Information on providers and their services

1. Member States shall ensure that providers make the following information available to the recipient:
 - (a) the name of the service provider, the geographic address at which he is established, and the details which enable him to be contacted rapidly and communicated with directly and, as the case may be, by electronic means;
 - (b) where the provider is registered in a trade or other similar public register, the name of that register and the provider's registration number, or equivalent means of identification in that register;
 - (c) where the activity is subject to an authorisation scheme, the particulars of the relevant competent authority or the single point of contact;
 - (d) where the provider exercises an activity which is subject to VAT, the identification number referred to in Article 22(1) of Directive 77/388/EEC;
 - (e) in the case of the regulated professions, any professional body or similar institution with which the provider is registered, the professional title and the Member State in which that title has been granted;
 - (f) the general conditions and clauses, if any, used by the provider;
 - (g) contractual clauses concerning the law applicable to the contract and/or the competent courts.
2. Member States shall ensure that the information referred to in paragraph 1, according to the provider's preference:
 - (a) is supplied by the provider on his own initiative;

- (b) is easily accessible to the recipient at the place where the service is provided or the contract concluded;
 - (c) can be easily accessed by the recipient electronically by means of an address supplied by the provider;
 - (d) appears in any information documents supplied to the recipient by the provider, setting out a detailed description of the service he provides.
3. Member States shall ensure that, at the recipient's request, providers supply the following additional information:
- (a) the main features of the service;
 - (b) the price of the service or, if an exact price cannot be given, the method for calculating the price so that the recipient can check it, or a sufficiently detailed estimate;
 - (c) the legal status and form of the provider;
 - (d) as regards the regulated professions, a reference to the professional rules applicable in the Member State of origin and how to access them.
4. Member States shall ensure that the information which a provider must supply in accordance with this Chapter is made available or communicated in a clear and unambiguous manner, and in good time before conclusion of the contract or, where there is no written contract, before the service is provided.

5. The information requirements laid down in this Chapter are in addition to requirements already provided for in Community law and do not prevent Member States from imposing additional information requirements applicable to providers established in their territory.
6. The Commission may, in accordance with the procedure referred to in Article 42(2), specify the content of the information provided for in paragraphs 1 and 3 of this Article according to the specific nature of certain activities and may specify the practical means of implementing paragraph 2.

Recital 62: *It is appropriate to provide that, as one of the means by which the provider may make the information which he is obliged to supply easily accessible to the recipient, he is to supply his electronic address, including that of his website. Furthermore, the obligation to present certain information in the provider's information documents presenting his services in detail should not cover commercial communications of a general nature, such as advertising, but rather documents giving a detailed description of the services proposed, including documents on a website.*

Article 27

Professional insurance and guarantees

1. Member States shall ensure that providers whose services present a direct and particular risk to the health or safety of the recipient or a third person, or to the a-particular financial security of risk to the recipient, are obliged to subscribe covered by professional indemnity insurance appropriate to the nature and extent of the risk, or to provide by any other guarantee or compensatory provision which is equivalent or essentially comparable as regards its purpose.
2. Member States shall ensure that providers supply a recipient, at his request, with information on the insurance or guarantees referred to in paragraph 1, and in particular the contact details of the insurer or guarantor and the territorial coverage.

3. When a provider establishes himself in their territory, Member States may not require professional insurance or a financial guarantee from the provider where he is already covered by a guarantee which is equivalent, or essentially comparable as regards its purpose and the coverage it provides in terms of the insured risk, the insured sum or a ceiling for the financial guarantee and possible exclusions from the coverage, in another Member State in which the provider is already established.

Where equivalence is only partial, Member States may require a supplementary guarantee to cover those aspects not already covered.

4. Paragraphs 1, 2 and 3 do not affect professional insurance or guarantee arrangements provided for in other Community instruments.
5. For the implementation of paragraph 1, the Commission may, in accordance with the procedure referred to in Article 42(2), establish a list of services which exhibit the characteristics referred to in paragraph 1 and establish common criteria for defining, for the purposes of the insurance or guarantees referred to in that paragraph, what is appropriate to the nature and scope of the risk.

Recital 63: *Any operator providing services involving a direct and particular health, safety or financial risk for the recipient or a third person should be covered by appropriate professional indemnity insurance, or by another form of guarantee which is equivalent or comparable, which means, in particular, that he should have adequate insurance coverage for services provided in one or more Member States other than the Member State of origin. A direct and particular risk for the health of the recipient is present in the field of health services. A direct and particular risk for the safety of the recipient or third persons is present where a service can cause serious injuries to the physical integrity of the recipient or of third persons. A direct and particular risk for the financial security of the recipient is present where a service concerning advise or transactions carried out on behalf of the recipient can cause significant financial losses.*

Recital 63 a: *Providers whose services present a direct and particular risk for the health of recipients of their services are in particular the providers of medical and hospital infrastructures and the medical and related professions, given the risks associated with inappropriate and erroneous treatment. Services which present a particular risk for the safety of recipients are certain tourism, sports and leisure activities where accidents can occur frequently such as horse riding schools, fun parks and fairgrounds. Services which can create a risk for the safety of third parties are for example private security services or services in the field of construction including services of architects or services relating to electricity and gas installation. Services which create a particular risk for the financial security of recipients are services which involve the handling of clients' funds such as real estate agents, furthermore services which consist in advise on or the handling of transactions on behalf of a client as well as the representation of clients before courts or authorities such as services of the legal professions.*

Recital 63 b: *The insurance or guarantee has to be appropriate to the nature and extent of the risk. That means that service providers need cross-border coverage only if they actually provide services into other Member States. It is not necessary to lay down more detailed rules concerning the insurance coverage and to fix for example minimum thresholds for the insurance sum or limits on exclusions from the insurance coverage. Service providers and insurance companies should maintain the flexibility to negotiate insurance policies precisely targeted to the nature and scope of the risk. Furthermore, it is not necessary that an obligation of appropriate insurance is laid down by law. It is sufficient if an insurance obligation is part of deontological rules laid down by professional bodies. Finally, there is no obligation for Member States to provide for an obligation for insurance companies to provide insurance.*

Article 28

After-sales guarantees

1. Member States shall ensure that providers supply a recipient, at his request, with information on the existence or otherwise of an after-sales guarantee, on its content ~~and~~ on the essential criteria for its application, in particular, its period of validity and territorial cover and on whether it is an after-sales guarantee imposed by law.

2. Member States shall ensure that the information referred to in paragraph 1 appears in any information documents supplied by providers, setting out a detailed description of the services offered.
3. Paragraphs 1 and 2 do not affect the regulation of after-sales guarantees provided for in other Community instruments.

Article 29

Commercial communications by the regulated professions

1. Member States shall remove all total prohibitions on commercial communications by the regulated professions.
2. Member States shall ensure that commercial communications by the regulated professions comply with professional rules, in conformity with Community law, which relate, in particular, to the independence, dignity and integrity of the profession, as well as to professional secrecy, in a manner consonant with the specific nature of each profession.

Recital 64: *It is necessary to put an end to the total prohibitions of commercial communications by the regulated professions, not by removing bans on the content of a commercial communication but rather those which, in a general way and for a given profession, forbid one or more forms of commercial communication, such as a ban on all advertising in one or more given media. As regards the content and methods of commercial communication, it is necessary to encourage professionals to draw up, in accordance with Community law, codes of conduct at Community level.*

Article 30

Multidisciplinary activities

1. Member States shall ensure that providers are not made subject to requirements which oblige them to exercise a given specific activity exclusively or which restrict the exercise jointly or in partnership of different activities.

However, the following providers may be made subject to such requirements:

- (a) the regulated professions, in so far as is justified in order to guarantee compliance with the rules governing professional ethics and conduct, which vary according to the specific nature of each profession;
 - (b) providers of certification, accreditation, technical monitoring, test or trial services in so far as is justified in order to ensure their independence and impartiality.
2. Where multidisciplinary activities between providers referred to in paragraph 1(a) and (b) are authorised, Member States shall ensure the following:
 - (a) that conflicts of interest and incompatibilities between certain activities are prevented;
 - (b) that the independence and impartiality required for certain activities is secured;
 - (c) that the rules governing professional ethics and conduct for different activities are compatible with one another, especially as regards matters of professional secrecy.
 3. Member States shall ensure that providers supply the recipient, at his request, with information on their multidisciplinary activities and partnerships and on the measures taken to avoid conflicts of interest. That information shall be included in any information document in which providers give a detailed description of their services.
 4. In the report referred to in Article 41, Member States shall indicate which categories of providers are subject to the requirements laid down in paragraph 1, the content of those requirements and the reasons for which they consider them to be justified.

Policy on quality of services

1. Member States shall, in cooperation with the Commission, take accompanying measures to encourage providers to take action on a voluntary basis in order to ensure the quality of service provision, in particular through use of one of the following methods:
 - (a) by having their activities certified or assessed by independent bodies;
 - (b) by drawing up their own quality charter or participating in quality charters or labels drawn up by professional bodies at Community level.
2. Member States shall ensure that information on the significance of certain labels and the criteria for applying labels and other quality marks relating to services can be easily accessed by recipients and providers.
3. Member States shall, in cooperation with the Commission, take accompanying measures to encourage professional bodies, as well as chambers of commerce and craft associations, within Member States to cooperate at Community level in order to promote the quality of service provision, especially by making it easier to assess a provider's competence.
4. Member States shall, in cooperation with the Commission, take accompanying measures to encourage the development of independent assessments in relation to the quality and defects of service provision, and in particular the development at Community level of comparative trials or testing and the communication of the results.
5. Member States and the Commission shall encourage the development of voluntary European standards with the aim of facilitating compatibility between services supplied by providers in different Member States, information to the recipient and the quality of service provision.

Recital 65: *In order to increase transparency and promote assessments based on comparable criteria with regard to the quality of the services offered and supplied to recipients, it is important that information on the meaning of quality labels and other distinctive marks relating to these services be easily accessible. That obligation of transparency is particularly important in areas such as tourism, especially the hotel business, in which the use of a system of classification is widespread. Moreover, it is appropriate to examine the extent to which European standardisation could facilitate compatibility and quality of services. European standards are drawn up by the European standards-setting bodies, the European Committee for Standardisation (CEN), the European Committee for Electrotechnical Standardisation (CENELEC) and the European Telecommunications Standards Institute (ETSI). Where appropriate, the Commission may, in accordance with the procedures laid down in Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998²⁰ laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society services, issue a mandate for the drawing up of specific European standards.*

Article 32

Settlement of disputes

1. Member States shall take the general measures necessary to ensure that providers supply a postal address, fax number or e-mail address to which all recipients, including those resident in another Member State, can send a complaint or a request for information on the service provided.
2. Member States shall take the general measures necessary to ensure that providers respond to the complaints referred to in paragraph 1 in the shortest possible time and make best efforts to find appropriate solutions.

²⁰ OJ L 204, 21.7.1998, p. 37. Directive as last amended by the Act of Accession 2003.

3. Member States shall take the general measures necessary to ensure that providers are obliged to demonstrate compliance with the obligations laid down in this Directive as to the provision of information and to demonstrate that the information is accurate.
4. Where a financial guarantee is required for compliance with a judicial decision, Member States shall recognise equivalent guarantees lodged with a provider or body established in another Member State.
5. Member States shall take the general measures necessary to ensure that providers who are subject to a code of conduct, or are members of a trade association or professional body, which provides for recourse to a non-judicial means of dispute settlement, inform the recipient accordingly, and mention that fact in any document which presents their services in detail, specifying how to access detailed information on the characteristics of and conditions for the use of such a mechanism.

Article 33

Information on the good repute of providers

1. Member States shall, at the request of a competent authority in another Member State, supply information on criminal convictions, penalties, administrative or disciplinary measures and decisions concerning insolvency or bankruptcy involving fraud, taken by their competent authorities in respect of the provider, directly relevant to the service provider's competence or ~~which are liable to bring into question either his ability to conduct his business or his professional reliability.~~
- 1.b A request referred to in paragraph 1 shall be duly motivated, in particular by specifying for which reasons such information is requested.

2. The Member State which supplies the information referred to in paragraph 1 shall at the same time specify whether a particular decision is final or whether an appeal has been lodged in respect of it, in which case the Member State in question should provide an indication of the date when the decision on appeal is expected.

Moreover, that Member State shall specify the provisions of national law pursuant to which the provider was found guilty or penalised.

3. Implementation of paragraphs 1 and 2 must comply with ~~the rights~~ rules on the protection of personal data, and with rights guaranteed to persons found guilty or penalised in the Member States concerned, including by professional bodies ~~especially as regards the protection of personal data.~~

Chapter V

Supervision

Article 34

Effectiveness of supervision

1. Member States shall ensure that the powers of monitoring and supervision provided for in national law in respect of the provider and the activities concerned are also exercised where a service is provided in another Member State in respect of matters to which Article 16 applies.
2. Member States shall ensure that providers supply their competent authorities with all the information necessary for monitoring their activities.

Article 35

Mutual assistance

1. ~~In accordance with Article 16~~, Member States shall give each other mutual assistance and shall put in place all possible measures for effective cooperation with one another in order to ensure the supervision of providers and the services they provide.
2. For the purposes of paragraph 1, Member States shall designate one or more points of contact, the contact details of which shall be communicated to the other Member States and the Commission.
3. Member States shall supply the information requested by other Member States or the Commission by electronic means and within the shortest possible period of time.

Upon getting knowledge ~~becoming aware~~ of any unlawful conduct by a provider, or of specific acts, that are likely to cause serious damage in a Member State, Member States shall inform the Member State of origin, within the shortest possible period of time.

Upon ~~getting knowledge becoming aware~~ of any unlawful conduct by a provider who is likely to provide services in other Member States, or of specific acts, that could cause serious damage to the health or safety of persons, Member States shall inform all other Member States and the Commission within the shortest possible period of time.

4. The Member State of origin shall supply information on providers established in its territory when requested to do so by another Member State and in particular confirmation that a service provider is established in its territory and exercising his activities in a lawful manner;

The Member State of origin shall undertake the checks, inspections and investigations requested by another Member State and shall inform the latter of the results and, as the case may be, of the measures taken. In so doing, the competent authorities shall act to the extent permitted by the powers vested in them in their Member State.

5. In the event of difficulty in meeting a request for information, the Member State in question shall rapidly inform the requesting Member State with a view to finding a solution.
6. Member States shall ensure that registers in which providers have been entered, and which may be consulted by the competent authorities in their territory, may also be consulted, in accordance with the same conditions, by the equivalent competent authorities of the other Member States.

Article 36

Mutual assistance in the event of the temporary movement of the provider

1. In respect of the matters to which ~~covered by~~ Article 16 applies, where a provider moves temporarily to another Member State in order to provide a service without being established there, the competent authorities of that Member State shall participate in the supervision of the provider in accordance with paragraph 2.

2. At the request of the Member State of origin, the competent authorities referred to in paragraph 1 shall carry out any checks, inspections and investigations necessary for ensuring effective supervision by the Member State of origin. In so doing, the competent authorities shall act to the extent permitted by the powers vested in them in their Member State.

On their own initiative, those competent authorities may conduct checks, inspections and investigations on the spot, provided that those checks, inspections or investigations meet the following conditions:

- (a) they consist exclusively in the establishment of facts and do not give rise to any other measure against the provider, subject to the possibility of case-by-case derogations as provided for in Article 19;
- (b) they are not discriminatory and are not motivated by the fact that the provider is established in another Member State;
- (c) they are objectively justified by an overriding reason relating to the public interest and are proportionate to the objective pursued.

Article 37

Mutual assistance in the event of case-by-case derogations from the country of origin principle

1. Where a Member State intends to take a measure pursuant to Article 19, the procedure laid down in paragraphs 2 to 6 of this Article shall apply without prejudice to proceedings before the courts including preliminary proceedings and acts carried out in the framework of a criminal investigation.
2. The Member State referred to in paragraph 1 shall ask the Member State of origin to take measures with regard to the service provider, supplying all relevant information on the service in question and the circumstances of the case.

The Member State of origin shall check, within the shortest possible period of time, whether the provider is operating lawfully and verify the facts underlying the request. It shall inform the requesting Member State within the shortest possible period of time of the measures taken or envisaged or, as the case may be, the reasons why it has not taken any measures.

3. Following communication by the Member State of origin as provided for in the second subparagraph of paragraph 2, the requesting Member State shall notify the Commission and the Member State of origin of its intention to take measures, stating the following:
 - (a) the reasons why it believes the measures taken or envisaged by the Member State of origin are inadequate;
 - (b) the reasons why it believes the measures it intends to take fulfil the conditions laid down in Article 19.
4. The measures may not be taken until fifteen working days after the date of notification provided for in paragraph 3.
5. Without prejudice to the possibility for the requesting Member State to take the measures in question upon expiry of the period specified in paragraph 4, the Commission shall, within the shortest possible period of time, examine the compatibility with Community law of the measures notified.

Where the Commission concludes that the measure is incompatible with Community law, it shall adopt a decision asking the Member State concerned to refrain from taking the proposed measures or to put an end to the measures in question as a matter of urgency.

6. In the case of urgency, a Member State which intends to take a measure may derogate from paragraphs 2, 3 and 4. In such cases, the measures shall be notified within the shortest possible period of time to the Commission and the Member State of origin, stating the reasons for which the Member State considers that there is urgency.

Implementing measures

In accordance with the procedure referred to in Article 42(2), the Commission shall adopt the implementing measures necessary for the implementation of this Chapter, specifying the time-limits provided for in Articles 35 and 37 and the practical arrangements for the exchange of information by electronic means between ~~the single points of contact~~ Member States, and in particular the interoperability provisions for information systems.

***Recital 66:** The development of a network of Member State consumer protection authorities, which is the subject of the proposal for the Regulation on consumer protection cooperation, complements the cooperation provided for in this Directive. The application of consumer protection legislation in cross-border cases, in particular with regard to new marketing and selling practices, as well as the need to remove certain specific obstacles to cooperation in this field, necessitates a higher degree of cooperation between Member States. In particular, it is necessary in this area to ensure that Member States require the cessation of illegal practices by operators in their territory who target consumers in another Member State.*

***Recital 66 a:** Administrative cooperation is essential to make the Internal Market for services function properly. Lack of cooperation between Member States results in multiplication of rules applicable to service providers or duplication of controls for cross-border activities and can also be used by rogue traders to avoid supervision or to circumvent applicable national rules on services. It is, therefore, essential to provide for clear legally binding obligations for Member States to cooperate effectively.*

***Recital 66 b:** The obligation for authorities to supervise the activities of service providers established in their territory including where they provide services into other Member States does not mean that Member States have to carry out factual checks and controls in the territories of other Member States. According to the administrative cooperation obligations provided for in this Directive, such checks and controls can be carried out by the authorities of the country where the service provider is temporarily operating.*

***Recital 66 c:** Cooperation between Member States requires a well functioning electronic information system in order to allow competent authorities easily to identify their relevant interlocutors in other Member States and to communicate in an efficient way.*

Chapter VI

Convergence programme

Article 39

Codes of conduct at Community level

1. Member States shall, in cooperation with the Commission, take accompanying measures to encourage the drawing up of codes of conduct at Community level, in conformity with Community law, in particular in the following areas:
 - (a) the content of and detailed rules for commercial communications relating to regulated professions, as appropriate to the specific nature of each profession;
 - (b) the rules of professional ethics and conduct of the regulated professions which aim in particular at ensuring, as appropriate to the specific nature of each profession, independence, impartiality and professional secrecy;
 - (c) the conditions to which the activities of estate agents are subject.
2. Member States shall ensure that the codes of conduct referred to in paragraph 1 are accessible at a distance, by electronic means and transmitted to the Commission.
3. Member States shall ensure that providers indicate, at the recipient's request, or in any information documents which present their services in detail, any codes of conduct to which they are subject and the address at which these codes may be consulted by electronic means, specifying the language versions available.
4. Member States shall take accompanying measures to encourage professional bodies, organisations and associations to implement at national level the codes of conduct adopted at Community level.

Recital 67: *It is necessary to provide that the Member States, in cooperation with the Commission, are to encourage interested parties to draw up codes of conduct at Community level aimed in particular at promoting the quality of services and taking into account the specific nature of each profession. Those codes of conduct should comply with Community law, especially competition law.*

Article 40

Additional harmonisation

1. The Commission shall assess, by [one year after the entry into force of this Directive] at the latest, the possibility of presenting proposals for harmonisation instruments on the following subjects:
 - (a) the detailed rules for the exercise of cash-in-transit services;
 - (b) gambling activities which involve wagering a stake with pecuniary value in games of chance, including lotteries and betting transactions, in the light of a report by the Commission and a wide consultation of interested parties;
 - (c) access to the activity of judicial recovery of debts.

2. In order to ensure the proper functioning of the internal market for services, the Commission shall assess the need to take additional initiatives or to present proposals for legislative instruments, particularly in relation to the following:
 - (a) matters which, having been the subject of case-by-case derogations, have indicated the need for harmonisation at Community level;
 - (b) matters covered by Article 39 for which it has not been possible to finalise codes of conduct before the date of transposition or for which such codes are insufficient to ensure the proper functioning of the internal market;
 - (c) matters identified through the mutual evaluation procedure laid down in Article 41;
 - (d) consumer protection and cross-border contracts.

Recital 68: *This Directive is without prejudice to any legislative or other initiatives in the field of consumer protection.*

Article 41

Mutual evaluation

1. By the [date of transposition] at the latest, Member States shall present a report to the Commission, containing the information specified in the following provisions:
 - (a) Article 9(2), on authorisation systems;
 - (b) Article 15(4), on requirements to be evaluated;
 - (c) Article 30(4), on multidisciplinary activities.
2. The Commission shall forward the reports provided for in paragraph 1 to the Member States, which shall submit their observations on each of the reports within six months. Within the same period, the Commission shall consult interested parties on those reports.
3. The Commission shall present the reports and the Member States' observations to the Committee referred to in Article 42(1), which may make observations.
4. In the light of the observations provided for in paragraphs 2 and 3, the Commission shall, by 31 December 2008 at the latest, present a summary report to the European Parliament and to the Council, accompanied where appropriate by proposals for additional initiatives.

Recital 69: *The absence of a reaction from the Commission in the context of the mutual evaluation procedure provided for by this Directive has no effect on the compatibility with Community law of national requirements which are included in reports by Member States.*

Article 42

Committee

1. The Commission shall be assisted by a Committee, consisting of representatives of the Member States and chaired by the Commission representative.
2. Where reference is made to this paragraph, Articles 3 and 7 of Decision 1999/468/EC shall apply, in accordance with the provisions of Article 8 of that Decision.
3. The Committee shall adopt its rules of procedure.

Recital 73 : *The measures necessary for the implementation of this Directive should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission²¹.*

Article 43

Report

Following the summary report referred to in Article 41(4), the Commission shall, every three years, present to the European Parliament and to the Council a report on the application of this Directive, accompanied, where appropriate, by proposals for its amendment.

²¹ OJ L 184, 17.7.1999, p. 23.

Article 44

Amendment of Directive 1998/27/EC

In the Annex to Directive 1998/27/EC, the following point shall be added:

"13. Directive.../EC of the European Parliament and of the Council of ... on services in the internal market (OJ L [...], [...], p. [...])".

Recital 70: *Directive 98/27/EC of the European Parliament and of the Council of 19 May 1998 on injunctions for the protection of consumers' interests²² approximates the laws, regulations and administrative provisions of the Member States relating to actions for an injunction aimed at the protection of the collective interests of consumers included in the Directives listed in the Annex to Directive 98/27/EC. In order to enable such actions to be brought in cases where the present Directive has been infringed, to the detriment of the collective interests of consumers, the Annex to Directive 98/27EC should be amended accordingly.*

²² OJ L 166, 11.6.1998, p. 51. Directive as last amended by Directive 2002/65/EC of the European Parliament and of the Council (OJ L 271, 9.10.2002, p. 16).

Chapter VII

Final provisions

Article 45

1. Member States shall bring into force the laws, regulations and administrative provisions necessary to comply with this Directive by [2 years after the entry into force] at the latest. They shall forthwith communicate to the Commission the text of those provisions and a correlation table between those provisions and this Directive.

When Member States adopt those provisions, they shall contain a reference to this Directive or be accompanied by such a reference on the occasion of their official publication. Member States shall determine how such reference is to be made.

2. Member States shall communicate to the Commission the text of the main provisions of national law which they adopt in the field covered by this Directive.

Recital 71: *Since the objectives of the proposed action, namely the elimination of barriers to the freedom of establishment for service providers in the Member States and to the free provision of services between Member States, cannot be sufficiently achieved by the Member States and can therefore, by reason of the scale of the action, be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Directive does not go beyond what is necessary to achieve those objectives.*

Recital 72 : *This Directive respects fundamental rights and observes the principles which are recognised notably in the Charter of Fundamental Rights of the European Union and, in particular, in Articles 8, 15, 21 and 47 thereof. This Directive does not prevent Member States from applying their fundamental rules and principles relating to freedom of the press and freedom of expression.*

Article 46

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

Article 47

This Directive is addressed to the Member States.

Done at Brussels, [...]

For the European Parliament

For the Council

The President The President

[...] [...]
