

MS comments on the guidance note on glossary following EGESIF presentation on 17 December 2014

N°	MS	MS comment	COM reply
1)	CZ	<p>"Beneficiary"</p> <p>Q: We kindly ask the Commission to also include a definition of a financial intermediary. Such a definition would for once resolve all the unambiguities concerning financial intermediaries. In Czech republic's case, unambiguities like:</p> <ol style="list-style-type: none"> 1) In general, is financial intermediary a body implementing financial instrument (irrespective of whether fund of funds is involved in the implementation arrangements)? 2) Is financial intermediary a body implementing financial instrument only when implemented in a fund of funds structure? 3) Is financial intermediary just a bundle of assets managed by another body? <p>Or several of the above mentioned definitions may apply? 1 and 3 come to mind.</p>	<p>"Financial intermediary" is a generic term used for an entity which is acting as an intermediary between supply and demand for financial products.</p> <p>This term is not legally defined in CPR. It is used for the purpose of specific regulations.</p>
2)	CZ	<p>"Seed and start-up capital"</p> <p>Q: Our interpretation is that the "expansion capital, capital for the strengthening of the general activities of an enterprise, or the realisation of new projects, penetration of new markets or new developments by existing enterprises" doesn't fall into the category of Early-stage capital, correct?</p> <p>Would the seed and start-up capital be also specifically defined</p>	<p>Yes, it is correct. Early stage capital covers seed and start up capital.</p> <p>Start-ups are defined for the purpose of Article 22 of GBER as unlisted small enterprises up to five years following their registration which have not yet distributed profits and have not been formed through a merger.</p>

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		<p>elsewhere in other regulations than the CPR?</p> <p>We kindly ask for clarification.</p>	
3)	CZ	<p><i>"A legal or natural person receiving financial support from a financial instrument"</i></p> <p>Q: Natural persons without restriction?</p> <p>Alternatively just those falling into the definition in point 4 of the preface of COMMISSION RECOMMENDATION of 6 May 2003 concerning the definition of micro, small and medium-sized enterprises (notified under document number C(2003) 1422.)</p>	<p>There is no definition of natural person in CPR. It should be understood as person other than legal entity.</p>
4)	CZ	<p><i>"Guarantee Art. 2 (m) of FR"</i></p> <p>Q: Should be Art. 2(l) of FR.</p>	<p>COM will revise the reference</p>
5)	CZ	<p><i>"In the ESIF context the leverage is the sum of the amount of ESIF funding and of the additional public and private resources raised divided by the nominal amount of the ESI Funds contribution"</i></p> <p>Q: Does "ESIF funding" include national co-financing?</p> <p>We suppose it doesn't. If that's true, how should MAs calculate the</p>	<p>"ESIF funding" contains only ESI funds.</p> <p>"ESIF programme" funding or contribution contains both ESI funds and the national co-financing.</p> <p>COM will prepare a separate guidance fiche on leverage and its calculation.</p>

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		<p>leverage, when national co-financing doesn't have to be paid to the FI upfront, but may be provided at later stages of FI implementation? Should MAs calculate the leverage using amounts of additional public and private resources in respective funding agreements?</p> <p>EC guidance on leverage and its calculation, recommended formulas etc. would do, does the EC plan to release such a guidance?</p>	
6)	CZ	<p><i>Operation</i></p> <p>"A project, contract, action or group of projects selected by the managing authorities of the programmes concerned, or under their responsibility, that contributes to the objectives of a priority or priorities; <i>in the context of financial instruments, an operation is constituted by the financial contributions from a programme to financial instruments and the subsequent financial support provided by those financial instruments</i>"</p> <p>Q: In case of funds of funds (FoF) structure, the financial contribution flows first through a FoF and then to a FI. We suggest expanding the CPR definition by including the FoF for the sake of clarity.</p>	<p>Indeed in case of FoF the contribution to the FoF and the subsequent contributions to financial intermediaries and investments in final recipients constitute an operation.</p> <p>COM will complement the definition accordingly.</p>
7)	PL	<p><i>A public or private body and, for the purposes of the EAFRD Regulation and of the EMFF Regulation only, a natural person, responsible for initiating or both initiating and implementing operations; and in the context of State aid schemes, as defined in point 13 of this Article, the body which receives the aid; and in</i></p>	COM agrees

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		<p><i>the context of financial instruments under Title IV of Part Two of this Regulation CPR, it means the body that implements the financial instrument or the fund of funds as appropriate</i></p> <p><i>Q: proposed changes above</i></p>	
8)	PL	<p><i>Union measures of financial support provided on a complementary basis from the budget to address one or more specific policy objectives of the Union. Such instruments may take the form of equity or quasi-equity investments, loans or guarantees, or other risk-sharing instruments, and may, where appropriate, be combined with grants in accordance with Article 37(7)(8)(9).</i></p> <p><i>Q: reference to Article 37(7)(8)(9) to be moved to column "source"</i></p> <p><i>Q: If the interest rate subsidies or guarantees fee subsidies are combined only with commercial and private loans or guarantees as a form of support from ESIF to increase the volume of private loans and guarantees for enterprises, is it still considered as a financial instrument or just a pure grant support?</i></p>	Interest rate subsidies or guarantees fee subsidies in relation to commercial and private loans or guarantees which are not related to the financial instrument under title IV are considered grant support.
9)	PL	<p><i>A fund set up with the objective of contributing support from a programme or programmes to several financial instruments. Where financial instruments are implemented through a fund of funds, the body implementing the fund of funds shall be considered to be the only beneficiary. within the meaning of</i></p>	COM agrees

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		<p>point 10 of this Article</p> <p>Q: deletion as above</p>	
10)	PL	<p>Contract governing the terms and conditions for contribution from ESIF programme to financial instrument. This will be established between a Managing Authority and the body that implements the fund of funds or between a Managing Authority or the body that implements the fund of funds and the body that implements the financial instrument., as described in art 38(7) of the CPR</p> <p>Q: deletion as above, and reference to Article 38(7) in column "source"</p>	COM agrees
11)	PL	<p><u>Management costs refer to</u> Ddirect or indirect cost items reimbursed against evidence of expenditure.</p> <p>Management fees shall refer to an agreed price for services rendered established via a competitive market process, where applicable.</p> <p>Management costs and fees shall be based on a performance based calculation methodology.</p> <p>Q: above insertion</p>	COM agrees
12)	PL	definitions of	COM agrees to add the definition of equity investment, working

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		<ul style="list-style-type: none"> • Equity investment, • Working capital, • Financial intermediary • Ex ante assessment <p>should be added</p>	<p>capital and ex-ante assessment.</p> <p>For "financial intermediary": it is a generic term used for an entity which is acting as an intermediary between supply and demand for financial products.</p> <p>This term is not legally defined in CPR. It is used for the purpose of specific regulations.</p>
13)	DE	<p>I would like to take this opportunity to send our comments in writing concerning item 4 of last EGESIF's agenda, esp. with regard to the glossary.</p> <p>CION answered our question about the definition of "support" according to Art. 43, 44 CPR during the meeting. However, it would be helpful to have this definition added to the glossary (see Nr. 5 of the document attached). The other questions and clarifications are already pending but could be helpful for further precisions.</p>	<p>COM agrees to add the definition of "support from the ESI Funds"</p>