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DIRECTORATE-GENERAL FOR COMPETITION

Markets and cases III: Financial services
State aid - Financial institutions I

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Subject: Thresholds applicable to National Promotional Banks and Institutions under the InvestEU Fund

Dear Madams,

On behalf of Olivier Guersent, Director General of DG Competition, thank you for your letter of 29 September 2022, to which the Director General has asked me to respond. The European Commission (the Commission), and in particular DG Competition (DG COMP), is ready to provide to Implementing Partners, financial intermediaries or final beneficiaries all available tools and guidance to ensure the successful implementation of financial products supported by the InvestEU Fund. In that context, the Commission has already widened further the scope of the General Block Exemption Regulation (GBER) introducing new rules in the area of financing and investment operations supported by the InvestEU Fund.

In your letter, you refer to a perceived unequal treatment between commercial financial intermediaries and National Promotional Banks and Institutions (NPBIs) when acting as financial intermediaries implementing financial products supported by the InvestEU Fund in relation to the different maximum financing amount per transaction (€2m for NPBIs v. €7,5m for commercial intermediaries). It is understood that you refer to guarantee operations under the following intermediated EIF products: ‘Sustainability Guarantee’, ‘SME Competitiveness Guarantee’, ‘Innovation & Digitalisation Guarantee’ and ‘Cultural and Creative Sector Guarantee’.

Firstly, there is a legal requirement (Article 14(1)(a) of the InvestEU Regulation) that the InvestEU Fund shall only support financing and investment operations that comply with the conditions set out in points (a) to (e) of Article 209(2) of the Financial Regulation, which includes the obligation for financial instruments and budgetary guarantees *not to distort competition in the internal market and to be consistent with State aid rules*. For example, the EU – EIF Guarantee Agreement has had to ensure such State aid consistency for the above-mentioned four EIF guarantee products by providing for a maximum principal amount of guarantee, which is one way to ensure State aid consistency, based on Articles 56e(10)(iii) and 56f of the GBER.

Secondly, it is justified to maintain a difference in the maximum principal amount based on whether the transaction is entered into by a guarantee (sub-) intermediary who is a NPBI or a commercial one. As you also mention, NPBIs act on a public mandate and provide financing to final recipients/beneficiaries that commercial intermediaries would remain reluctant to finance. This is the reason why the Commission subjected the very generous Article 56f GBER to the conditions of intermediation and risk sharing with a commercial bank. In the absence of other detailed eligibility criteria in that Article, these conditions and the maximum financing amount are the only safeguards to minimise competition distortion.

Finally, NPBIs are invited to act as Implementing Partners, both under the EU and Member State compartments, in financial products supported by the InvestEU Fund and provide financing, with even higher maximum thresholds than the above-mentioned when in accordance with section 16 (Articles 56d-56f) of the GBER.

The Commission trusts that the currently available legal and operational framework improves the alignment of EU funding rules and EU State aid rules in many areas, the decrease of unnecessary complexities and the reassurance that competition in the EU Single market is preserved, amongst others by ensuring that public funding addresses market failures, does not crowd out private investments and is limited to the minimum necessary to achieve the public policy goals.

Yours faithfully,

Electronically signed

Andrea BOMHOFF
Head of Unit

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