

AECM request on the reporting requirements to the *de minimis* aid

By means of this position paper, AECM would like to draw Commission's attention to the concerns of AECM members regarding the reporting requirements set in the draft text of the *de minimis* Regulation, kindly suggesting proposals for improving the provisions.

Background

The European Commission is currently revising the Regulation (EU) 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to *de minimis* aid (hereinafter: *de minimis* Regulation).

The draft text of the *de minimis* Regulation includes requirements establishing a central *de minimis* register. According to Article 6, point 1 of the draft text: "*Information in the central register shall contain the identification of the beneficiary, the aid amount, the granting date, the granting authority, the aid instrument and the sector involved on the basis of the statistical classification of economic activities in the European Union ('NACE classification')*".

Further, it stipulates that "*The central register shall be set up in such a way as to enable easy public access to the information*".

Remarks

AECM members are successfully intermediating EU as well as shared management financial instruments to the benefits of SMEs. These transactions may contain *de minimis* aid. In these cases, AECM members awarding the aid are required to calculate the "gross grant equivalent" which can be seen in the price or terms and conditions of financing.

On the other hand, it is a general basic premise in the financial sector, that the regulations regarding the confidentiality of the customer relationship is applied widely in the EU member countries.

It is our understanding that the foreseen central *de minimis* register shall contain information on all *de minimis* aid, including the *de minimis* aid granted by financial intermediaries, despite the fact that they fall within the scope of the national confidentiality regulations, such as for instance, bank secrecy regulations.

If so, this entails that our members shall start publishing the information about the *de minimis* aid granted to final beneficiaries in the *de minimis* register, which will be publicly accessible, regardless the bank secrecy or other confidentiality provisions set by the national law.

Proposal regarding the *de minimis* register information requirements

AECM members fully understand the importance of the transparency requirements and share the need to ensure the transparency on all *de minimis* aid granted within the Member States. However, AECM members have to ensure that the information published in the central register, and which is publicly accessible, doesn't impact customers' trust in their financier.

To this end, we suggest restricting the general public's access to the register. More precisely, we propose that the *de minimis* register is only open to representatives entitled by entities managing state aid.

In case this is not possible considering the legitimate interest in transparency to provide information to the public regarding the use of State funds, and therefore the register shall enable public access to the information, we suggest that in the situation where the information related to the aid provider falls in bank secrecy or other confidentiality provisions set by the national law, the name of the granting authority is replaced by the type of financial institution i.e. private or public financial institution.

In our view, this information would be reasonable since the information about the customer or banking relationship would be obscured and therefore customer's trust and confidentiality in their financier would be better maintained. On the other hand, we trust that this change would not violate the objectives of the transparency requirements of the *de minimis* register. Finally, this change will cause less contrasts among the existing national laws and the updated *de minimis* Regulation, hence facilitating a quick and rapid enforcement of the Regulation by all Member States.

In light of the above, AECM and its members would very much appreciate if the European Commission could please take our request into its kind consideration by operating the above mentioned change for the benefit of final beneficiaries and of course we remain at disposal of the Commission representatives to further discuss the aforementioned proposals.

Brussels, November 2023

About us

The 45 members of the **European Association of Guarantee Institutions (AECM)** are operating in 31 countries in Europe. They are either private/mutual sector guarantee schemes or public promotional institutions or banks. Their mission is to support SMEs in getting access to finance. They provide guarantees to SMEs that have an economically sound project but do not dispose of sufficient bankable collateral. This so-called SME financing gap is recognised as market failure. By guaranteeing for these enterprises, guarantee institutions effectively address this market failure and facilitate SMEs' access to finance. The broader social and economic impact of this activity includes the following:

- Job creation and preservation of jobs by guaranteed companies
- Innovation and competition: crowding-in of new ideas leading to healthy competition with established market participants
- Structure and risk diversification of the European economy
- Regional development since many rural projects are supported
- Counter-cyclical role during crises

AECM's members operate with counter-guarantees from regional, national, and European level. At the end of the year 2022, AECM's members had about bEUR 267 of guarantee volume in portfolio, thereby granting guarantees to around 5.2 million SMEs. AECM's members are by far the most important counterparts of the EIF concerning EU counter-guarantees, handling EU (counter-)guarantees from the very beginning in 1998.

Furthermore, AECM's work is strongly supported by its 5 partners.

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