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NOTE

From: General Secretariat of the Council

To: Delegations

Subject: ANNEX to the Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub

- Presidency compromise text

Delegations will find below the first Presidency compromise on the above proposal.

Changes to the Commission proposal are marked in **bold**, deletions are marked with '(...)'

ANNEX

to the

Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Regulations (EU) No 1316/2013 and (EU) 2015/1017 as regards the extension of the duration of the European Fund for Strategic Investments as well as the introduction of technical enhancements for that Fund and the European Investment Advisory Hub

Annex

(1) Section 2 is amended as follows:

(a) (...)

(b) in point (c), the second sentence is replaced by the following:

'In this context, it is expected that the EIB will provide finance under the EFSI with a view to reach an overall target of at least EUR 500 000 000 000 of public or private investment, including financing mobilised through the EIF under EFSI operations relating to the instruments referred to in Article 10(2)(b), national promotional banks or institutions and increased access to financing for entities having up to 3 000 employees.';

(2) in Section 3, point (d) is added:

'(d) the presence of one or more of the following features would typically lead to a classification of an operation as special activities:

- subordination in relation to other lenders, including national promotional banks and private lenders;
- participation in risk sharing instruments where the position taken exposes EIB to high risk levels;

- exposure to specific risks, such as unproven technology, dependency on new, inexperienced or high risk counterparts, novel financial structures or risk for the EIB, the sector or geography in question;
- equity type characteristics, such as performance-linked payments; or
- other identifiable aspects leading to higher risk exposure (...) **such as counterparty risk, limited security and recourse only to project assets for repayment;**';

(3) in Section 5, the following sentence is added:

'The scoreboard shall be made public as soon as an operation under the EU guarantee is signed, with the exclusion of commercially sensitive information.'

(4) Section 6 is amended as follows:

(a) point (b) is amended as follows:

(i) in the first indent, the first and second sentences are replaced by the following:

'For debt-type operations, the EIB or the EIF shall carry out its standard risk assessment, involving the computation of the probability of default and the recovery rate. Based on these parameters, the EIB or the EIF shall quantify the risk for each operation.'

(ii) in the second indent, the first sentence is replaced by the following:

‘Each debt-type operation shall receive a risk classification (the Transaction Loan Grading) as per the EIB's or the EIF's system of loan gradings.’;

(iii) in the third indent , the first sentence is replaced by the following:

‘Projects shall be economically and technically viable and the EIB's financing shall be structured in line with sound banking principles and comply with the high level risk management principles set by the EIB or the EIF in its internal guidelines.’;

(b) point (c) is amended as follows:

(i) in the first indent, the second sentence is replaced by the following:

‘The determination whether an operation bears equity-type risks or not, irrespective of its legal form and nomenclature, shall be based on the EIB's or the EIF's standard assessment.’;

(ii) in the second indent, the first sentence is replaced by the following:

‘The EIB's equity-type operations shall be carried out in accordance with the EIB's or the EIF's internal rules and procedures.’;

(5) in Section 7 point (c), the word 'initial' is deleted;

(6) Section 8 is amended as follows:

- (a) in the second sentence of the first subparagraph, the word 'initial' is deleted;
- (b) in the first sentence of the first subparagraph of point (a), the word 'initial' is deleted;
- (c) in the first sentence of point (b), the word 'initial' is deleted.
