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NOTE

From:	Presidency
To:	Delegations
No. prev. doc.:	8511/26
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation activities, repealing Regulations (EU) 2021/522, (EU) 2021/694, (EU) 2021/697, (EU) 2021/783, and amending Regulations (EU) 2021/696, (EU) 2023/588, (EU) [EDIP] *- Revised Presidency text on Chapters I, II, III and VIII, on Chapter VI (Digital leadership) and on Chapter VII section 3 (Space)*

Delegations will find below a revised Presidency text on Chapters I, II, III and VIII, on Chapter VI and on Chapter VII section 3 with a view to the meetings of the Ad hoc Working Party on the Multiannual Financial Framework (European Competitiveness Fund) on 13 and 19 May 2026.

Changes in comparison to the previous Presidency text (document 8511/26) are marked in **bold** for additions and in ~~strikethrough~~ for deletions.

The numbering of the Commission proposal remains unchanged until the end of the negotiations.

General scrutiny reservation: All delegations

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ANNEX

2025/0555 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation activities, repealing Regulations (EU) 2021/522, (EU) 2021/694, (EU) 2021/697, (EU) 2021/783, and amending Regulations (EU) 2021/696, (EU) 2023/588, (EU) [EDIP]

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THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 43(2), Article 168(5), Article 172, first subparagraph, Article 173(3), first subparagraph, Article 175, first subparagraph, Article 182(4), Article 183 in conjunction with Article 188, second paragraph, Article 189(2), Article 192(1), Article 194(2), Article 212(2) and Article 322(1), point (a), thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee,[1]

Having regard to the opinion of the Committee of the Regions,[2]

Having regard to the opinion of the Court of Auditors,

Acting in accordance with the ordinary legislative procedure,

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1 OJ C , , p. .
2 OJ C , , p. .

Whereas:

(1) [This Regulation lays down an indicative financial envelope for the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation, which is to constitute the prime reference amount, within the meaning of the inter-institutional agreement on cooperation in budgetary matters, for the European Parliament and the Council during the annual budgetary procedure. For the purpose of this Regulation, current prices are calculated by applying a fixed 2% deflator.]

(2) The Union is facing a defining period for its future, from a political, economic, social, environmental, climate and security perspective, including increased risks of conventional military threats. The Draghi report on the future of European Competitiveness[3] presented a new vision to reignite sustainable growth in Europe. The Letta report[4] outlined that Europe must leverage its Single Market to achieve a leadership position in the global competition. The Commission communication on the Competitiveness Compass[5] provided a joint roadmap for boosting decarbonisation and competitiveness, building on the recommendations of these reports. The Commission communication on the Clean Industrial Deal[6] outlined the need to accelerate decarbonisation, reindustrialisation and innovation, bringing together climate action and competitiveness under one overarching growth. Sectorial Industrial Action Plans, such as Automotive, Steel and Metals and Chemicals aim to ensure the long-term competitiveness, sustainability, and resilience of the European industry. The State of the Digital decade 2025[7] highlights the urgent need to foster cooperation and increase public and private investments for strengthening Union's digital leadership, sovereignty and inclusiveness. The Joint White Paper on European

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3 The future of European competitiveness: Report by Mario Draghi, September 2024, https://commission.europa.eu/topics/eu-competitiveness/draghi-report_en

4 Enrico Letta's Report on the Future of the Single Market, April 2024, https://www.consilium.europa.eu/media/ny3j24sm/much-more-than-a-market-report-by-enrico-letta.pdf.

5 Competitiveness compass - European Commission

6 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The Clean Industrial Deal: A joint roadmap for competitiveness and decarbonisation, COM(2025) 85 final, 26.2.2025.

7 COM(2025) 290 final State of the Digital Decade 2025: Keep building the EU's sovereignty and digital future.

Defence Readiness[8] underlines the need to massively and rapidly reinvest in defence in support of Europe's freedom of action. Moreover, the priorities of the Economic Security Strategy further underline the crucial need to secure the Union's technological edge and de-risk economic relations including by enhancing the resilience of supply chains and thereby reducing dependencies on others. The European Ocean Pact outlines the need to enhance competitiveness and accelerate the strategic transition across the blue economy sectors, focussing especially on decarbonisation and scaling up innovation. As outlined in the Commission Communication on the Road to the next MFF,[9] the next Union long-term budget needs to be more focused, simpler, more flexible, and predictable and better deliver on the Union priorities, including bolstering the Union competitiveness.

(2a) The ECF as a whole will pursue the general objectives as indicated in this Regulation while taking into account the specificities of the activities supported under the Fund.

(3) To regain and reinforce its competitive edge, it is essential that the Union revives the innovation cycle by developing its disruptive innovation capacity and investing in emerging, cutting-edge and strategic technologies with significant economic potential including by raising productivity. To ensure its autonomy in the global economy, the Union should guarantee its technological and industrial leadership in strategic sectors, starting with critical raw materials supply chains and its circular economy, to develop and manufacture strategic technologies in Europe, as well as mitigate risks affecting its security and resilience emanating from critical external dependencies. This can be done by addressing market failures and suboptimal investment situations, in a proportionate manner and without crowding out private funding, considering the high investment needs for delivering on Union priorities, including for decarbonisation and the digital transition. Greater emphasis should be put on leveraging private sector participation by improving the use of risk-sharing mechanisms between Union funds and private investors, to ensure an efficient use of public funding. This will build upon and further amplify the impact of the progress achieved on the Savings and Investment Union, which will provide the necessary

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8 Joint Communication to the European Parliament, the European Council and the Council on 'European Economic Security Strategy', JOIN(2023) 20 final, 20.6.2023.

9 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The road to the next multiannual financial framework, COM(2025) 46 final, 11.2.2025.

regulatory landscape for private investments to thrive. The use of any additional national resources is without prejudice to the application of Articles 107 and 108 TFEU.

(4) This requires that Union funding offers support to businesses and projects along the entire investment journey. This journey encompasses all stages of developing and manufacturing strategic technologies, products and services in Europe, from applied research, through all forms of innovation, scaleup, industrial deployment, to manufacturing and market deployment, including the necessary investment and operational costs support, infrastructure and skills. The investment journey is not linear as all stages feed each other, and ideas for new products or services might arise at any stage. European funding needs to cater for this non-linear reality with increased flexibility of providing support preserving predictability for funding.

(5) This also requires that Union funding facilitates the creation and expansion of innovative and industrial ecosystems, where different actors interact in a synergetic way. Successful ecosystems feature intensive and agile interactions and collaboration between small and large companies, universities research institutions, infrastructure providers, investors as well as public authorities. Without such collaborations within and between individual innovation and industrial ecosystems, innovation potential stays unexploited.

(6) Digital connectivity ~~is~~**and cyber security are** crucial to foster collaboration within the ecosystem, accelerating innovation, enabling seamless and secure access to critical digital capacities and solutions across the Union, facilitating cross-border public-private partnerships, and fostering interoperability and cost-effectiveness.

(7) Therefore, the purpose of the ECF is to establish an investment capacity to support European competitiveness in strategic technologies, infrastructures, products and services and sectors, providing for a more seamless investment journey. It will promote the creation, collaboration, and expansion of innovation, private finance and industrial ecosystems.

(8) In the EU, persistent disparities in competitiveness and innovation performance across regions continue to exist. After sustained efforts at both EU and national level to close the innovation gap, it is time to unlock the full potential of every region. By ensuring that less-developed regions are effectively connected to EU value chains, the Union as a whole will be better positioned to compete globally.

(9) The EU outermost regions and overseas countries and territories represent unique and strategic assets that benefit the Union as a whole – including proximity to third countries, exceptional conditions for space and astrophysics research, abundant renewable energy potential, rich biodiversity, and extensive maritime zones. The ECF should leverage their potential as geostrategic outposts, particularly in support of the Union's objectives on security, preparedness, regional value chains, and competitiveness.

(9a) **In accordance with Article 182(3) of the Treaty on the Functioning of the European Union (TFEU), the Framework Programme for Research and Innovation is to be implemented through specific programmes which define the detailed rules for their implementation, fix their duration and provide for the means deemed necessary. The ECF includes the specific programme on defence research within the meaning of Article 182(3) TFEU, that implements Regulation (EU) [XXX] [Horizon Europe framework programme for Research and Innovation] with regard to defence research activities.**

(10) The Commission should ensure tight coordination and synergies between all Union ~~founding~~**funding** sources in the MFF. For this purpose, the Framework Programme for Research and Innovation will be tightly linked to the ECF: to ensure that the European industry leverages research results funded by the Union to further innovate and produce in Europe. In order to foster synergies, the work programmes adopted under this Regulation should integrate in a specific and dedicated part and ensure coherence with the 'Competitiveness' component, Part II 'Competitiveness and Society' of the Regulation (EU) [XXX][10] of the European Parliament and of the Council [Horizon Europe Framework programme for Research and Innovation][11] in accordance with the committee procedure set out in this Regulation. The **specific objectives and activities defined under the policy windows established by this Regulation may be implemented, where appropriate, through dedicated research and innovation actions. The** ECF Work Programmes, including collaborative research ~~parts~~**and innovation activities** under the policy windows of Chapters IV to VII of the ECF, should be adopted under the work programme rules of the ECF, including its comitology procedures to maintain a seamless support to the

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10 OJ L.., p

11 COM(2025) 543

investment journey. The specific programme for defence research and development has its own set of rules consolidated in the ECF, with the ECF rules applicable to the Support for Defence Industry Policy component, including the Collaborative Defence Research & Development, Innovation and Technological Superiority. Horizon Europe rules, including its rules on evaluation committees and its award criteria, should apply to the collaborative research and innovation activities funded under Horizon Europe Pillar II 'Competitiveness' part that should be integrated in a specific dedicated part in the ECF Work Programmes. **As regards association,** eligibility to the actions in the specific dedicated part on collaborative research funded under Horizon Europe will be subject to full or partial association to Horizon Europe.

(11) In order to foster synergies between actions under the ECF and the Innovation Fund, the work programmes of the ECF should ensure coherence with the priorities and types of actions that could be funded under the Innovation Fund. Together, the ECF, Horizon Europe, and the Innovation Fund will provide coherent support to the Union competitiveness.

(12) Moreover, to foresee a strong connection with the Competitiveness Coordination Tool, the work programme of the ECF should ensure coherence with the selected projects and competitiveness priorities identified under the Tool.

(12a) To ensure an efficient use of Union resources in achieving the objectives of the ECF, the ECF shall be implemented in synergy with other Union Funds including the Global Europe Fund, the Single Market and Customs Program, Erasmus+ and AgoraEU.

(13) Cooperation between public and private sectors can benefit European competitiveness and leveraging private investments is necessary to complete the objectives of the ECF. Therefore, it should be possible to implement parts of the ECF budget through public-private partnerships together with other public and private entities, where this is the most effective implementation form to achieve the policy objectives established for research and technological development, while ensuring additionality and avoiding the crowding-out of private investments. Public-private partnerships in the form of Joint Undertakings should be established where a close involvement of the Union is required and should ensure appropriate voting rights for the Union as well as sufficient co-investment by other partners to leverage Union support. In view of fostering synergies and efficiencies, it is

necessary, based on the assessed needs, to ensure a centralised establishment and administrative functions for joint undertakings. Therefore, the number of joint undertakings should be as limited as possible.

(14) The ECF should use the whole toolbox of Union budget to unlock additional public and private investments, in particular from institutional investors throughout the whole investment journey. It should contribute to creating an "investment culture" by better leveraging public funds and the de-risking potential of the Union budget. It will maximise the added value of Union action and crowd-in private capital to secure a competitive innovation and industrial base, also by using innovative funding instruments including public-private co-investment with asymmetric risk returns. In this regard, the use of financial instruments that crowd in private investors should be the privileged option wherever possible.

(15) The Draghi report calls for more investment support to close the investment gap and recognises InvestEU as the key risk-sharing instrument to use. [The ECF InvestEU Instrument should set up a single budgetary guarantee and deliver financial instruments to support EU competitiveness.]

(16) In a fast-changing economic, social, security and geopolitical environment, recent experience has shown the need for a more flexible multiannual financial framework and its programmes. [To that effect, and in line with the objectives of the ECF, the funding should take due account, in the budgetary procedure, of the evolving policy needs and Union's priorities as identified in relevant documents published by the Commission while ensuring the necessary predictability for the implementation of investments.]

(17) The ECF should facilitate access to funding from Union programmes through user-centric, fast, simpler and harmonised procedures and improve coherence among Union instruments and with Member States investments. The ECF should put beneficiaries of Union funding, and notably industry, SMEs, startups and scaleups, including those established under the upcoming 28th regime, at the centre of the design of Union funding instruments.

(18) [The ECF should operate through four policy windows that mirror Union's key policy priorities: Clean Transition and Industrial Decarbonisation; Digital Leadership; Health, Biotech, Agriculture and Bioeconomy;Resilience and Security, Defence industry and Space.]

(19) Infrastructure is an essential enabler for European competitiveness. Investments in infrastructure are a necessary condition for the proper functioning of the EU's single market, the green and digital transition and for increasing the Union's resilience and security. For example, the trans-European transport network fosters sustainable forms of transport, promotes improved multimodal and interoperable digital and transport solutions, thereby contributing to a smooth functioning of the internal market. The trans-European networks for energy are key for a genuine Energy Union to enable the Union's energy and climate objectives by connecting Union countries' electricity and clean energy networks to ensure our energy independence and competitiveness. For this, the development of cross-border interconnectors, domestic transmission and distribution grids is essential. The ECF support will work in coherence and complementarity with the Connecting Europe Facility (CEF). It is essential for Europe's competitiveness to provide for synergies between the development of trans-European networks in energy and transport with strong cross-border impact supported by CEF, and investment support for the decarbonisation, modernisation and expansion of transport, energy and digital infrastructure under ECF.

(20) Furthermore, Trans-European digital networks are essential to interconnect national and international telecommunication networks, enabling seamless, secure cross-border access to high-performance computing, cloud, data and AI capacities. In this regard, it is essential to develop, protect and maintain the infrastructures for competitiveness, such as terrestrial backbone networks and submarine cable infrastructures, ensuring continuity of service in case of incidents as well as increasing the detection capacities in sea basins to enhance undersea cables, as highlighted by the Joint Communication 'EU Action Plan on Cable Security'.

(21) The competitive strength of the Union lies in its people. The Competitiveness Compass identifies promoting skills and quality jobs as a horizontal enabler. The European Council Conclusions highlight that "following the Commission communication of 5 March 2025 on a Union of Skills, further efforts should be made to enhance the acquisition, recognition and retention of skills across the EU, from the building of basic skills to engaging in life-long learning, reskilling and upskilling, in line with the European Pillar of Social Rights and its Action Plan". A strong dialogue is part of this. Human capital ~~is~~**and the promotion of gender equality are** key to the sustainable prosperity of the Union, its economic resilience and unique social market economy. It is essential to foster sustainable prosperity, including high quality jobs, by boosting productivity growth, making Union economic

sectors more competitive and innovative, attracting additional investments, and supporting a dynamic single market and enhanced economic security. The ECF should contribute to the Union of Skills[12]by supporting the development of a skilled workforce equipped with the specific skills needed in the strategic investment areas of the Fund, through life-long learning, education, training projects and apprenticeships, and the creation of attractive quality jobs accessible to all and by accompanying ECF investments with skills investment to alleviate skills shortages in the given strategic sector of the ECF. This includes a Skills Guarantee that should enable workers in sectors undergoing restructuring to upskill and reskill, in line with relevant national, regional and/or sectoral transition strategies. The ECF should support skills intelligence, upskilling and reskilling, and foster public-private partnerships between universities, VET providers, businesses, in particular SMEs, social partners and applied research ~~institutes~~**and technology organisations**. The ECF could also support activities of European Universities Alliances, also in cooperation with employers, to improve their delivery on innovation and the development of skills and talent.

(24) Projects and activities under the Clean Transition and Industrial Decarbonisation window should support the decarbonisation of European industry, promote the decarbonisation of production processes, energy supply and uptake of renewable and clean energy solutions, energy efficiency, integrated renewable energy, energy system flexibilities, energy storage, energy renovations, and innovative heating and cooling solutions as well as the development of innovative nature-based business models and demand side solutions for clean and decarbonised buildings, transport and industry. **Where necessary to achieve the ECF objectives, the ECF should support actions of the roll out component of the New European Bauhaus Facility, in synergy with [FP10: Horizon Europe].**

(26) The Union can become a global leader in digital technologies. The ECF should promote the development and deployment of digital solutions, infrastructures and capacities across

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12 Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions, The Union of Skills, COM(2025) 90 final, 5.3.2025.

the Union, and the development of advanced digital skills, which include cybersecurity skills, for the benefit of the European society and economy. **In addition to the support for advanced digital skills in the ECF,** a broader adequate level of digital skills, including basic and intermediate skills, ~~is~~**can be** supported ~~throughout~~**through other programmes of** the MFF as they are important to underpin Europe's competitiveness.

(27) Chronic underinvestment in the European tech sector is one of the main reasons for the lack of competitiveness of the Union, as compared to our global competitors. Moreover, European sovereignty in digital technologies and infrastructures has become key for our resilience, security and for democracy, as highlighted in the 2025 State of the Digital decade report which also underlined the remaining significant gaps to reach Union's 2030 goals, notably for the development of Artificial Intelligence (AI), semiconductors, 5G and advanced digital skills, which include cybersecurity skills.

(28) While Europe's digital transformation is accelerating, the many critical dependencies on non-Union suppliers (from raw materials, advanced semiconductors, and AI chips to systems, infrastructures and services) require European alternatives that anchor the digital transformation in Europe's economy, with our shared values as the essential differentiator, including by leveraging the power of open-source technologies, interoperable standards and secure-by-design solutions.

(28a) Support for digital leadership is driven by both regulatory and non-regulatory Union policy initiatives in the digital domain, including but not limited to initiatives such as strategies, action plans, current and upcoming Union legislation related to artificial intelligence (such as the AI Act, the AI Continent Action Plan, the Apply AI Strategy, A European Strategy for Artificial Intelligence in Science and the [Cloud and AI Development Act proposal]); interoperability; data and cloud (the Data Union Strategy and the Data Act); digital infrastructure and connectivity (including the [Digital Networks Act proposal], submarine cables and cable connectivity initiatives, the EU Action Plan on Cable Security); digital identity and trust services (eIDAS2 and the [European Business Wallets proposal]); quantum technologies (the EU Quantum Europe Strategy and the [Quantum Act proposal]); cybersecurity (including the Cyber Resilience Act, the Cyber Solidarity Act, [Cybersecurity Act 2 proposal] and the NIS2 Directive); semiconductors (including the [Chips Act 2 proposal]); and broader strategic initiatives such as the International Digital Strategy for the Union. Support for Digital Leadership should be implemented in

coherence with the achievement of the targets and objectives of the Digital Decade Policy Programme 2030 established by Decision (EU) 2022/2481.

(28b) Key technology areas to invest include but are not limited to: artificial intelligence (including AI models, algorithms and tools, AI-powered digital twins, sustainable AI, AI testing and experimentation facilities); high-performance computing and data technologies and infrastructures (including AI Factories, AI Gigafactories, and data spaces); quantum technologies and infrastructures (including computing and simulation, communications, sensing); semiconductors (including microelectronics and photonics, wide bandgap materials and technologies, chip design, process technologies, quantum chips); advanced materials; software technologies and services (including distributed ledger technology); augmented reality and virtual worlds, platforms and media-relevant technologies; robotics (including automation) and additive and digital manufacturing technologies and processes; connectivity technologies and infrastructures (including telco-edge and cloud technologies, internet-of-things, sensing and communication technologies, guidance and navigation technologies, advanced connectivity infrastructures, digital networks, 5G, 6G and other wireless technologies, communication networks - backbone, backhaul and access networks and network resilience, radio spectrum monitoring and spectrum efficiency, submarine cables, advanced underwater observation and repair capacities); new and emerging digital technologies, including hybrid technologies, cross-sectoral digital technologies and applications, including those with dual-use potential; digital infrastructures and services such as EU Digital Identity Wallets and trust services, **including [the** European Business Wallets**]**, interoperable digital technologies. Cross-cutting areas include: cybersecurity (including post-quantum cryptography, advanced cybersecurity solutions, national and regional Cyber Hubs); advanced digital skills, upskilling and reskilling, specialised skills programmes; take-up and deployment support (European Digital Innovation Hubs, the EU for Business Network); standardisation and interoperability.

(28c) Fostering key digital areas across private and public sectors makes our entire economy more competitive, secure, sovereign, and sustainable, fortifying societal resilience and preparedness. Moreover, interoperable digital technologies are driving the modernisation of the public sector, serving for the integration of the single market, which is our most valuable stepping stone for European digital startups and scale-ups to become globally competitive.

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(28d) Support for Digital Leadership shall be implemented in particular through the following activities: developing and shaping sustainable core digital technologies; building attractive, competitive and resilient digital ecosystems and strengthening the security of supply; building, developing, modernising, completing and deploying state-of-the-art and sustainable digital applications, infrastructures and services, including trans-European digital networks; supporting the digital transformation and interoperability of public and private sectors; supporting the development, implementation, monitoring and enforcement of relevant Union legislation and policy; strengthening the EU cybersecurity ecosystem and enhancing the high level of cybersecurity in the Union. To ensure continuity and considering that funding is essential for the long term development and autonomy for the cybersecurity sector, coordination of cybersecurity investments between the Union and the Member States should be ensured at European level by the European Cybersecurity Industrial, Technology and Research Competence Centre (ECCC) and the Network of National Coordination Centres (NCCs), within the parameters of Regulation (EU) 2021/887, or through any other measures that may be undertaken for this purpose.

(29) Technological progress and innovation in every economic sector, and thus their productivity and competitiveness are essentially driven by the integration of sector-specific digital developments and use of digital solutions that should be supported across the Fund in the context of the activities developed in the different policy windows of the ECF.

(29a) Enhancing the high-level of cybersecurity in the Union is fundamental to ensure its resilience and competitiveness. The ECF should therefore both promote cybersecurity-by-design by incorporating cybersecurity measures in all relevant activities as well as support the competitiveness of the Union cybersecurity ecosystem, notably SMEs, startups and scale-ups.

(29b) Dependency on third countries high-risk suppliers in critical sectors can pose a strategic risk of foreign interference and jeopardise the Union’s security, resilience and sovereignty. The NIS Cooperation Group, in cooperation with the Commission and the European Union Agency for Cybersecurity (ENISA), plays a key role in carrying out EU Coordinated security risk assessments of critical supply chains, taking into account technical and, where

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relevant, non-technical risk factors in accordance with Article 22 of Directive (EU) 2022/2555.[13]

(30) Europe must protect its security interest against suppliers which could represent a persistent security risk due to the potential interference from third countries as well as their security, notably cybersecurity. It is therefore necessary to reduce the risk of persisting dependency on high-risk suppliers in the internal market, including in the ICT supply chain, as they could have potentially serious negative impacts on security for users and companies across the Union and the Union's critical infrastructure in terms of the confidentiality, the integrity, and the availability of data, as well as the availability of services. This restriction should be based on a proportionate risk assessment and associated mitigation measures as defined in the Union policies and laws.

(31) A successful deployment of interoperability across borders and sectors has a substantial, untapped potential, especially for the competitiveness of European businesses. Therefore, it is imperative to invest in the development of pan-European digital public infrastructures encompassing interoperable, secure and sovereign digital networks, solutions and services to address the fragmented interoperability landscape across the Union, notably to transform the Member States' public sector into an interconnected, frictionless, and agile digital ecosystem. The implementation of interoperability by European public administrations at all levels is a precondition for a resilient and innovation-driven public sector which contributes to the Union's goals of competitiveness, technological sovereignty and security.

(37) Union Space technology, data and services have become indispensable in the daily lives of Europeans and play an essential role in preserving strategic interests. Space contributes to all sectors of the economy from agriculture to banking, telecommunication, preparedness and disaster management. It is a critical enabler for security and defence, and for the well-

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[13] Directive (EU) 2022/2555 of the European Parliament and of the Council of 14 December 2022 on measures for a high common level of cybersecurity across the Union, amending Regulation (EU) No 910/2014 and Directive (EU) 2018/1972, and repealing Directive (EU) 2016/1148; Text with EEA relevance, ELI: http://data.europa.eu/eli/dir/2022/2555/2022-12-27.

functioning of society and the competitiveness of the economy for example by providing accurate position-services for a broad spectrum of sectors and users, including all forms of transportation, and thereby playing a key role for Europe’s independence and sovereignty. Space is crucial for the achievement of EU's priorities and its strategic goals, including for economic prosperity, sustainable growth and economic security, decarbonisation, environment protection, green and digital transition, as well as the Union’s strategic autonomy. Space contributes to the economic security of the Union and its Member States. It also drives scientific research and technological innovation, with spill-over effects in a wide range of sectors. Finally, space offers a platform for international cooperation and space diplomacy reinforcing the Union’s position as a reliable partner on the global scene.

(38) Space components under the ECF must provide robust and completely reliable services and ensure the availability of those services over their defined service areas. The continuity of those services, the integrity and resilience of operational services and a high-level of security must be ensured, even in the most serious crisis situations, including through award procedures. The consequences of disrupting those services could potentially have dramatic consequences for the security of the Union and its Member States. To that end, specific provisions notably regarding eligibility and participation conditions and extreme urgency for services to ~~government-authorised~~**authorised governmental** users **and for the Public Regulated Service of Galileo** should apply. In addition, with a view to protect the Union's and Member States' security, participation to the Space Surveillance and Tracking sub-component (SST) should be open only to Norway, given its strategic localisation and as this could bring benefits to the SST infrastructures.

(38a) Concerning grants awarded in the space sector, experience has shown that user and market uptake work better in a decentralised manner. Existing measures with the highest success rate to new entrants and SMEs, such as vouchers, have been hindered by the ceiling on financial support, which should therefore be raised for the space section. Moreover, stakeholders in the space sector face specific indirect costs, such as with regard to security or the use of specific test facilities. Therefore, ~~it is appropriate to allow a~~**the applicable** flat rate of **indirect costs should be** up to a maximum of 25 % of the total direct eligible costs. In addition, when the EU Agency for the Space Programme ('the Agency') is entrusted with the exploitation of a space component, it should be able to further entrust tasks to other entities, while avoiding unnecessary duplication of work, to ensure efficient implementation.

(41) [To ensure predictability for stakeholders and provide a sufficient level of certainty for investment planning, the ECF should set out an indicative budget distribution across the policy windows for the period 2028 to 2034 while maintaining flexibility to reallocate parts of the budget in accordance with new challenges and emerging priorities throughout the duration of the Multiannual Financial Framework.] To this extent, it should be ensured that a certain minimum budget envelope is available for long-term planning and commitments broken down over several years into annual instalments in each policy window, allowing the Union to consolidate its demand and enter into strategic long-term relations with recipients give long-term predictability to industry and financial ecosystem, and enable the setup of important Union infrastructures, such as for hydrogen and industrial carbon management, world-class satellite systems, underwater observation infrastructures, cybersecurity, semiconductors quantum, AI and high-performance computing or critical infrastructure, and defence or space projects of common interest.

(42) [To achieve the important objectives and manage the ECF, a sufficient level of resources for the implementation of the ECF should be provided. The budget envelope should therefore provide a sufficient contribution to the cost of managing the ECF.]

(43) Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council applies to this basic act. It lays down the rules on the establishment and the implementation of the general budget of the Union, including the rules on grants, prizes, non-financial donations, procurement, indirect management, financial instruments and budgetary guarantees. In accordance with Regulation (EU, Euratom) 2024/2509, Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council,[14] Council

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[14] Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.9.2013, p. 1, ELI: http://data.europa.eu/eli/reg/2013/883/oj).

Regulation (EC, Euratom) No 2988/95,[15] Council Regulation (Euratom, EC) No 2185/96[16] and Council Regulation (EU) 2017/1939,[17] the financial interests of the Union are to be protected through proportionate measures, including the prevention, detection, correction and investigation of irregularities and fraud, the recovery of funds lost, wrongly paid or incorrectly used and, where appropriate, the imposition of administrative sanctions. In particular, in accordance with Regulations (EU, Euratom) No 883/2013 and (Euratom, EC) No 2185/96, the European Anti-Fraud Office (OLAF) may carry out investigations, including on-the-spot checks and inspections, with a view to establishing whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the Union. In accordance with Regulation (EU) 2017/1939, the European Public Prosecutor's Office (EPPO) is competent to investigate and prosecute fraud and other criminal offences affecting the financial interests of the Union as provided for in Directive (EU) 2017/1371 of the European Parliament and of the Council.[18] In accordance with Regulation (EU, Euratom) 2024/2509, any person or entity receiving Union funds is to fully cooperate in the protection of the Union's financial interests, to grant the necessary rights and access to the Commission, OLAF, the European Court of Auditors and, as appropriate, to the EPPO, and to ensure that any third parties involved in the implementation of Union funds grant equivalent rights.

(44) To promote the Union's competitiveness, in addition to its budget, wherever possible the ECF should attract and generate additional assigned external revenues. In this respect, the ECF should be open and facilitate synergies and cooperation for any financial or non-

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15 Council Regulation (EC, Euratom) No 2988/95 of 18 December 1995 on the protection of the European Communities financial interests (OJ L 312, 23.12.95, p. 1, ELI: http://data.europa.eu/eli/reg/1995/2988/oj).

16 Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292,15.11.96, p. 2, ELI: http://data.europa.eu/eli/reg/1996/2185/oj).

17 Council Regulation (EU) 2017/1939 of 12 October 2017 implementing enhanced cooperation on the establishment of the European Public Prosecutor's Office ('the EPPO') (OJ L 283, 31.10.2017, p. 1, ELI: http://data.europa.eu/eli/reg/2017/1939/oj).

18 Directive (EU) 2017/1371 of the European Parliament and of the Council of 5 July 2017 on the fight against fraud to the Union's financial interests by means of criminal law (OJ L 198, 28.7.2017, p. 29, ELI: http://data.europa.eu/eli/dir/2017/1371/oj).

financial contributions that can support the competitiveness objectives, including from Member States, third countries and international organisations.

(45) To promote the resilience of the Union economy, notably by reducing strategic dependencies, the ECF should enable Union preference for support to manufacturing and developing strategic technologies and sectors located in the Union, notably for actions related to Union strategic assets, interests, autonomy or security, in line with Union law and its international commitments. It is essential that European funding contributes to the uptake of strategic technologies developed in the Union and funded through European funding. To support the development and manufacturing in the Union of strategic technologies funded by the Union, the ECF should allow to condition its support through control restrictions, asset transfers restrictions and supply restrictions to the use of specific products and technologies.

(46) ECF activities should be open for participation of third countries where this is in the interest of the Union. To that extent, the Union may allow for full or partial association of third countries to the activities under the ECF where relevant international agreements are in force with that state and in accordance with the conditions laid down therein. The third countries should also include the category of European micro-states (the Principality of Andorra, the Principality of Monaco, the Republic of San Marino and the Vatican City State). Participation should be subject to a fair balance as regards contributions and benefits of the third countries and ensure the protection of the financial and security interest of the Union. When deciding on the participation of third countries, the respective prerogatives of the European Parliament, the Council and the Commission under Article 218 TFEU are to be observed.

(47) The ECF should be open and facilitate synergies with other Union activities that support policy areas closely linked with competitiveness, the including the Framework Programme for Research and Innovation, external policies and programmes in shared management with Member States. This should allow for the combination and cumulation of funding for actions supporting the objectives of more than one Union policy area. Without prejudice to the application of the specific rules for defence, the application of a single set of rules and the signing of a single legal agreement for the entire amount of funding awarded to a project or action by separate programmes should be possible. In any case, the work programmes should specify which rules apply. Cooperation between the Commission and

Member States should be established to ensure consistency and complementarities between the ECF and the Regulation (EU) [XXX] [National and Regional partnership plans] Moreover, support from the Regulation (EU) [XXX] [National and Regional Partnership Plans] and from the ECF to projects that have been awarded the Competitiveness Seal should be facilitated, taking advantage of the assessment conducted prior to the attribution of the Seal and without prejudice to the State aid rules. The criteria for awarding the Competitiveness Seal should be designed in a manner that can enable the seal to also act as a quality guarantee providing assurances to institutional investors that the project has been appropriately vetted. The Competitiveness Seal should be awarded to high quality projects contributing to the objectives of the ECF, including to strategic projects under CRMA, NZIA and CMA and other strategic projects identified in Union legislation, and the list of projects that have been awarded the Competitiveness Seal should be made available subject to the applicable rules on publication and confidentiality. The ECF may be implemented jointly with other Union programmes or other co-donors or co-investors, and those partners should be able to participate in evaluation committees for jointly funded award procedures. The implementation of all those synergy activities should be simple. Reporting and record-keeping requirements for recipients should be reduced, where possible to a single contractual reporting and payment stream with a single set of rules for all support provided.

(48) Union support should focus on the achievement of policy objectives and European added value. In all cases, ECF funding should be provided in the form best able to achieve its objectives, while limiting administrative burden for recipients to the absolute minimum. When implementing the budget, the ECF should provide the full toolbox of Union support and ensure synergies between its supported policies, in particular by allowing for simplified common award procedures to pursue objectives of more than one policy. As such, the elimination of burdensome financial reporting through the widest possible use of financing not linked to cost should be pursued as a major simplification measure.

(49) [The ECF should support a diverse set of policies contributing to competitiveness, while providing a harmonised baseline set of eligibility criteria to provide policy steer and ensuring a sufficient level of protection of economic and security interests by focusing Union support on recipients in the Member States, including Overseas Countries and Territories. Where necessary, the ECF should establish specific eligibility conditions for

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strategic sectors and technologies, including underlying value chains, critical Union infrastructures and specific capabilities.]

(50) The ECF should be implemented through work programmes as set out in this Regulation. Work programmes could be adopted under an annual, or preferably multi-annual format, depending on the nature and the objective of the activities. In particular, the multi-annual format should be considered for the purposes of Union support provided for budgetary guarantees and financial instruments, with a view to provide predictability to implementing partners. The designated mode of implementation reflects the identified needs for directionality, flexibility, predictability and efficiency, required to meet the objectives of the Regulation. In accordance with Regulation (EU Euratom) 2024/2059, the work programmes and the call documents will set out more technical implementation details for the budget across the set of policies supported by the ECF, including specific eligibility and award criteria depending on the instrument of budget implementation, be it grant, or procurement, and the specific policy objectives pursued. In accordance with Article 136 of the Financial Regulation, eligibility restrictions should apply to high-risk suppliers, for security reasons. Where work programmes lay down award criteria these should where applicable take into account the quality and impact of proposals in light of the ECF objectives as well as the ability of proposals to support the specific activities of the policy windows. The assessment of the proposals should be conducted in compliance with the principles of transparency, equal treatment, non-discrimination and proportionality. Work programmes are also the appropriate place to allocate budget in accordance with evolving policy priorities, and they should set out contributions, specific conditions and expected results.

(50a) SMEs are an integral part of the European economy and an important source of employment and growth potential, but they are also faced with challenges and barriers that can warrant specific attention. To make sure that the needs of SMEs are properly taken into account, work programmes under the ECF shall describe in a specific dedicated part how they aim to support SMEs.

(51) For financial instruments and the budgetary guarantee to effectively crowd in private money, implementing partners need to be closely associated. This ensures policy steer and alignment, as well as project pipeline generation. The experience and lessons learnt with the implementation of the InvestEU Programme emphasise the importance of investment

guidelines in creating this buy-in and providing the necessary predictability and visibility to the implementing partners and investors, in order for them to set up their organisational capacity and originate the pipeline of investments, while allowing the necessary flexibility to ensure an adequate policy steer during implementation. Investment guidelines should include detailed description of the policy areas of intervention and investment focus with a view to ensuring additionality and incentivise crowding in especially private capital and institutional investors as well as crowding in public funding in a proportionate manner in support of the Union's policy objectives and strategic projects. The investment guidelines should be prepared in consultation with implementing partners to benefit from their market knowledge, and enable them to invest in Union priority areas and incentivise them for more risk taking, supported by the higher provisioning rate for the ECF InvestEU Instrument. [To cater for evolving needs and developments, the investment guidelines may be reviewed in the context of the MFF mid-term review.]

(52) Deep-tech scaleup financing under the Scaleup Europe Fund announced in the Startup Scaleup Strategy, existing at the time of the entry into force of the present Regulation, should be carried out under the terms agreed in the MFF 2021-2027. All scaleup financing under the MFF 2028-2034 should take place under the ECF.

(52a) Complementarities and synergies will be ensured between the EIC Fund and the ECF at all stages of implementation. The ECF InvestEU Instrument will be implemented in particular through risk-sharing budgetary guarantees and financial instruments by implementing partners responsible directly or via financial intermediaries for the selection of investments. The ECF InvestEU Instrument can support any economically viable final recipient and investment, at any stage of their development, from startup (seed financing and early growth) to scaleup, and all technologies including breakthrough. Union support transferred to final recipients can take a wide range of forms of e.g. loans, guarantees, quasi equity and equity investments. The EIC Fund should provide direct equity investment support to companies. Investment decisions by the EIC Fund should contain an assessment to ensure that the EIC Fund will invest in final recipients (typically deep-tech startups) that cannot meet all their financing needs from market sources or from the ECF, due to the risk level involved in novel technologies and/or new markets. The EIC Business Acceleration Services may provide non-financial support to EIC beneficiaries and final recipients, and target their specific needs of deep tech and disruptive innovation, while the ECF Project Advisory may provide broader advisory services in support of a broader range

of beneficiaries. Synergies will be created so that final recipients of the EIC Accelerator and the EIC Fund may be financed in their scaleup phase by the ECF InvestEU Instrument**, in particular the Scaleup Facility,** provided they fulfil the conditions. These complementarities will be ensured for example by the cooperation of the Advisory Board on the ECF InvestEU Instrument and of the EIC Board.

(53) [To deliver on the objective of translating research results into markets and strengthening Union's industrial presence in strategic technologies and sectors, Regulation (EU) [XXX] [Horizon Europe framework programme for Research and Innovation] will be tightly linked with ECF and will support research and innovation activities as laid down by the policy windows of ECF. The ECF work programmes will include collaborative research and innovation actions, in a specific dedicated part. This may also include contributions to European Partnerships established under the Framework Programme for Research and Innovation, where necessary to achieve the ECF objectives. The ECF work programmes should also set out policy priorities that will steer EIC challenges.]

(54) The industrial policy coordination tools (i.e. Single Market value chains builders, EU Tech front runners, Production Ramp up actions and Top Ups for IPCEIS, and Accelerated and Targeted Actions for Competitiveness) should be implemented through work programmes. Strengthening the industrial base of the European Union is essential for enhancing the Union's resilience and economic security, ensuring continuity of supply during crises, and safeguarding long-term competitiveness especially in strategic sectors. In order to foster resilient Union value chains spanning across multiple Member States, the work programmes may include special value-chains scale up calls which shall support both. project preparation and especially crowding in private capital and institutional investors as well as crowding in public funding in a proportionate manner to integrate suppliers, manufacturers, and innovators from different Member States and diversify sources of supply. Value chain calls may contribute to strengthening the operation of the Single Market including through developing cross-border value chains including SMEs while avoiding distortions.

(55) In order to foster competitiveness of European industry through industry-driven bottom-up innovation, the work programmes may include special 2-stage bottom-up award procedures to identify and support EU Tech frontrunners through industry-driven

consortia. Those consortia **should include SMEs to unlock their full potential and enhance the Union's added value, and** may include research and innovation partners.

(56) A horizontal, cross-cutting funding toolbox should be set at the service of all policy windows, offering every form of support allowed by Regulation (EU, Euratom) 2024/2059, such as financial instruments, including support provided in the form of equity. The choice of the specific funding instrument and in particular whether support will be repayable or not, shall depend on the nature of the actions to be funded (for example underlying market failures, the specific need, the nature of the industry, the stage of development or type of the beneficiary). Union support should derisk projects to the degree necessary for the private sector to invest and for the project to be successfully delivered. [Co-financing rates should be as low as possible and as high as needed to realise the supported project.] A mix of funding tools could be used, including blending operations and combination of funding. The ECF should be implemented in a way that ensures that the most appropriate funding tool will be used for the specific actions in each work programme, depending on, inter alia, the development stage, the specific industry needs and underlying market failures.

(56a) To ensure that Member States can provide strategic input at an early stage in the development of work programmes, the ECF General Committee shall provide guidance and advice to the Commission on the overall strategic direction for the ECF taking into account long term competitiveness trends and areas of market failures. The General Committee shall also provide advice on potential actions to support SMEs and startups to allow the needs of SMEs and startups from all across the Union to be taken into account in the design of actions targeting SMEs. The ECF General Committee will also serve as a forum for facilitating cooperation and information sharing among Member States on issues related to the ECF. The Commission shall take the advice provided by the ECF General Committee into account in the preparation and implementation of the ECF work programmes.

(56b) **At the start of the Multiannual Financial Framework period and following its mid-term review, the ECF General Committee should meet at an appropriate senior level, jointly with the equivalent body under the Framework Programme for Research and Innovation, in order to provide recommendations on the overall strategic direction and priorities for the ECF. These meetings should take into account of the broader Union political guidance for the period covered by the Multiannual Financial**

Framework. To facilitate the discussion at senior level, the Commission should provide a focused note covering the matters relevant to the ECF. This is without prejudice to the annual budgetary procedure, to the comitology procedure for the adoption of work programmes, and to the advisory nature of the ECF General Committee.

(57) Feedback from stakeholder communities should be structured via advisory boards and reflected in the design of work programmes. For this, the ECF Stakeholders Board should provide insights and advise the Commission on policy trends, on investment needs, and on the implementation of the ECF from the perspective of stakeholders including project promoters, research and industry. Multistakeholder consultations, including those of sectoral experts, researchers and industry, the social partners, as well as investors, end-users and civil society, from SME, small to large organisations, should contribute to the priorities of the ECF's work programmes. With this purpose, the Commission should create public collaborative networks in the form of at least one thematic platform per window. These platforms should allow all relevant stakeholders to voluntarily provide their input on the sectoral issues that, in their opinion, should be addressed by the work programmes. Those consultations, together with the advice from the ECF Stakeholders Board, should inform the Commission's work on the work programmes.

(58) Important Projects of Common European Interest (IPCEIs) are a state aid instrument and industrial policy tool assessed by the Commission pursuant to Article 107(3), point (b), TFEU[19]. They contribute significantly to economic growth, job creation, the green and digital transition and competitiveness and resilience of the Union industry and economy. IPCEIs make it possible to bring together knowledge, expertise, financial resources, and economic actors throughout the Union and create positive spillover effects for the entire Union. IPCEIs also allow to crowd-in private investments in high-risk projects that are essential to bring breakthrough innovation closer to industrial deployment and infrastructures projects of great importance to the Union with open and non-discriminatory access. [Given the commonalities of objectives pursued, the ECF will foster synergies between Union funding and IPCEIs by supporting specific projects integrated within

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[19] Communication from the Commission, Criteria for the analysis of the compatibility with the internal market of State aid to promote the execution of important projects of common European interest C/2021/8481 (OJ C 528, 30.12.2021, p. 10).

IPCEIs, based on their contribution to Union strategic priorities, such as the resilience of the Union, and on the ability of ECF financing to broaden participation, notably of SMEs, or broaden Member State coverage, as well as increase Union added value.]

(59) [The ever-evolving geopolitical situation underlines the need for Europe to ensure its own strategic autonomy and avoid strategic dependencies. The ECF will include the possibility to support production ramp up and undertake accelerated competitiveness actions for projects that offer specific support to European strategic autonomy.] This is for example the case for projects that have been selected as strategic under Regulation (EU) 2024/1252 (Critical Raw Materials Act), Regulation (EU) 2024/1724 (Net Zero Industry Act) and the Regulation (EU) 2025/102 (Critical Medicines Act).

(60) The mutual insurance mechanism (MIM) set up pursuant to Horizon Europe and managed by the Commission has proved to be an important safeguard mechanism which mitigates the risks associated with the amounts due and not reimbursed by defaulting participants. Therefore, the MIM should be continued and, where relevant open to use by actions under the ECF.

(61) To explore all possible venues to improve European competitiveness, the ECF should provide a structured framework for targeted experimentation in the award and implementation of Union support, in particular to better target and accelerate Union award procedures and simplify and accelerate their implementation to the benefit of recipients. This should allow, within a concretely defined frame, to specify on a case-by-case basis certain actions or categories of actions to benefit from certain additions, derogations and exceptions from other Union legislation and to test the impact in a real-world environment for the limited period of the duration of the ECF while ensuring that appropriate safeguards, in particular a common European interest, are in place. **These mechanisms are exceptional in nature. In order to ensure that these mechanisms are reserved for actions of strategic importance to Union competitiveness, their use should be limited to actions of strategic impact where the absence or delay of Union support would result in a material risk to the Union's competitiveness. Recourse to these mechanisms should be duly justified in each case, having regard to the nature, scale and urgency of the action concerned, and the reasons for their use should be transparently communicated, including through the publication in the relevant Annual Activity Report.** The application of experimental measures may provide lessons

for the assessment of future changes to the horizontal legal framework for the provision of Union support.

(62) Where necessary and duly justified, the ECF should provide a targeted intervention mechanism to deliberately provide Union support to certain actions of strategic and economic importance. Where certain important projects could not be successfully implemented within the timeline for completion of regular competitive award procedures, the ECF should also provide for the possibility of directly taking-up excellent projects that remained unfunded under any Union programme or continue to financially support well-working projects seamlessly in their next steps along the investment journey, without imposing additional administrative burden for the recipients. In addition, in line with the approach taken by the relevant sectoral legislation, such as the Net Zero Industry Act (NZIA), the Critical Raw Materials Act (CRMA) or Renewable Energy Directive (RED III) and referenced in the Clean Industrial Deal (CID) communication and the Single Market Strategy, cases in which specific projects, such as strategic projects, are considered to be of public interest or presumed to be of overriding public interest may be identified in separate existing or future legislation.

(63) [Where necessary and duly justified, the ECF should also be able to provide an 'accelerated intervention' mechanism to accelerate the provision of Union support to address urgent funding needs to enable the successful implementation of important business ideas in the single market where such funding is not available, at a sufficient level, on the market. For this purpose, due to the urgency, certain checks should be conducted only after the provision of funding, facilitating and limiting administrative burden for recipients and providing financial certainty in the fastest possible manner while accepting a reasonable level of financial risk to the Union commensurate with the objectives pursued.]

(64) Where necessary and duly justified, the ECF should incentivise startups and innovators established outside of the Union to relocate or invest, and to build up their business in the single market, by providing an 'inducement intervention' mechanism attracting successful startups and innovators from all over the world, drawing also on its network of EU Delegation. For this purpose, the eligibility requirements, for example as regards establishment in the Member States or associated countries at the start of Union support, should be temporarily waived to allow recipient to resettle within a set timeframe with the

assurance of subsequent Union support. The financial interest of the Union should be duly protected, and payments should not be provided until the eligibility requirements are fulfilled.

(65) Where necessary and duly justified, the ECF should allow for a more flexible and accessible way of identifying, selecting and supporting innovative projects and ideas, including by providing for instrument-neutral award procedures that will allow researchers, entrepreneurs, companies and other citizens to propose their innovation solution without the initial artificial narrowing or limitation of Union support to a grant, procurement or other form of Union support. Ideas should be assessed and selected based on their merit in addressing the respective challenge or Union policy priority, and the most appropriate and effective instrument of budget implementation to support these ideas, whether grant, procurement or others, should be selected only afterwards based on the requirements and merits of the individual project.

(66) Where necessary and duly justified, the ECF should also simplify and accelerate the implementation of Union support for certain important projects.

(67) The ECF InvestEU Instrument should provide the budgetary guarantee and financial instruments to mobilise additional investment across the Union to support European competitiveness in strategic technologies, services and sectors.

(68) The ECF InvestEU Instrument will be implemented by partners, including the European Investment Bank (EIB) Group, international financial institutions, the national promotional banks and institutions as well as export credit agencies. Given its role under the Treaties, its capacity to operate in all Member States and the existing experience under the current Invest EU ~~Find~~**Fund**, the EIB Group should remain a privileged implementing partner under the ECF InvestEU Instrument EU compartment. In addition to the EIB Group, national promotional banks and institutions should be able to offer a complementary financial product range, given that their experience and capabilities at national and regional level could be beneficial for the maximisation of the impact of public funds on the whole territory of the Union, and for ensuring a fair geographical balance of projects based on an open architecture which will remain a key aspect of the ECF InvestEU Instrument, building on the broad collaboration and experience under the InvestEU Programme. The Commission and the EIB Group should work in

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partnership with the objective of supporting the implementation of the ECF InvestEU Instrument and fostering consistency, inclusivity, additionality, and efficient deployment.

(69) To avoid undue administrative burden and ensure a swift deployment and support to the market in continuity across programming periods, the implementation of the ECF InvestEU Instrument will build on the existing community of the InvestEU Programme pillar assessed implementing partners, contractual arrangements and relevant financial products. Moreover, to ensure sound financial management, a faster roll-out and simplification to entrusted entities, the implementation of the ECF InvestEU Instrument should build on existing agreements, templates for legal and contractual arrangements, as well as established monitoring and reporting tools. This improves the impact of Union support and allows for more focus on efficiently supporting final recipients. The Commission may rely on and reuse in full or in part the agreements with implementing partners concluded under Regulation (EU) 2021/253, and on assessments made by itself or other entities in the context of agreements under that Regulation.

(70) To provide implementing partners with broader access to the ECF InvestEU Instrument, the Commission should be able to conclude agreements in indirect management with all the categories of entities listed under Article 62(1), point (c), Regulation (EU, Euratom) 2024/2059. ~~To unlock private capital, bodies established in a Member State, governed by the private law of a Member State or Union law should also be eligible to be exceptionally entrusted, following a positive pillar assessment, with the implementation of financial instruments or budgetary guarantees, including when combined with grants or with other forms of non-repayable support in blending operations, to the extent that such bodies are provided with adequate financial guarantees. Such bodies should be selected taking due account of the nature of the financial instrument or budgetary guarantee to be implemented, the experience and the financial and operational capacity of those bodies, and their rules and procedures for verifying the economic viability of projects of final recipients. The selection should be transparent, justified on objective grounds and should not give rise to a conflict of interests.~~

(71) To ensure consistency, the budgetary guarantee and financial instruments, including when combined with non-repayable support in blending operations, under the ECF InvestEU Instrument should be implemented in accordance with Title X of Regulation (EU, Euratom) 2024/2509.

(72) To ensure consistency in the implementation of budgetary guarantees, financial instruments and blending operations under different Union programmes, the Commission should develop guidance including technical arrangements, terms and conditions to deploy these forms of support under those programmes.

(72a) The pillar assessment in the context of this Regulation is to be carried out in line with the rules on indirect management set out in Regulation 2024/2509.

(73) To comply with the requirements of Regulation (EU, Euratom) 2024/2509, this Regulation should set out a maximum amount of the budgetary guarantee under the ECF InvestEU Instrument, a provisioning rate for that budgetary guarantee in line with Article 214(1) of Regulation (EU, Euratom) 2024/2509, and an obligation for the Commission to assess every year that provisioning rate following in accordance with the assessment referred to in Article 41(5) of Regulation EU, Euratom) 2024/2509 and in line with the Commission's risk management framework and the possibility for third parties and third countries to contribute specifically to the ECF InvestEU Instrument.

(74) [It is necessary to provide the possibility that the ECF InvestEU Instrument, including the budgetary guarantee, serves as a horizontal delivery tool for other Union policies, to provide support under other Union programmes in accordance with the objectives set out in those programmes. For that purpose, the corresponding provisioning of financial liabilities should be made by those other programmes. Where other Union programmes contribute to objectives of Union's internal policies, support in the form of a budgetary guarantee or financial instruments, including when combined with non-repayable support in a blending operation, should be provided exclusively through the ECF InvestEU Instrument.]

(74a) The ECF InvestEU Instrument should provide for the possibility to establish a Member State Compartment. The detailed terms and conditions governing the contribution of funds to the Member State Compartment, including the sources, amounts, provisioning rates and modalities of delivery, should be set out in a contribution agreement concluded between the Commission and the relevant Member State for that compartment. For the purposes of the Member State Compartment, representatives from contributing Member States should be invited to participate in the monitoring of the implementation of the activities under the

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relevant compartment, for example by participating in dedicated parts of the Policy Review Dialogues.

(75) The ECF InvestEU Instrument should provide a single, centralised place for establishment and management of a budgetary guarantee and all financial instruments contributing to objectives of Union's internal policies, which will contribute to improved efficiency and increase policy impact of Union financing. The financial products established under the InvestEU Regulation are State aid consistent within the meaning of the Article 212(2) of Regulation (Union, Euratom) 2024/2509. The Commission and the implementing partners should ensure that new financial products to be established under this Regulation are State aid consistent within the meaning of Article 212(2) of Regulation (Union, Euratom) 2024/2509 to ensure their swift deployment.

(75a) **The ECF InvestEU Instrument Investment Committee will build on the well-functioning model of the Investment Committee under the InvestEU Programme. The composition of the Investment Committee should ensure broad coverage of the policy windows by combining sound financial and market expertise with sector specific knowledge. This will be enabled by the presence of permanent members and experts with experience in investment in sectors covered by the policy windows.**

(76) Whereas European innovative startups and scaleups are essential engines of growth and competitiveness, and acknowledging that they face persistent barriers to access necessary financing in the Union, the ECF InvestEU Instrument should provide targeted financial support to growing and scaling up companies in the Union at all stages — from inception and startup to scaleup and industrial manufacturing. The ECF InvestEU Instrument should provide direct and indirect funding for European companies with a view to attract private investors — thereby unlocking the full potential of European entrepreneurship and investment. This will empower startups and scaleups and reinforce the Union's global leadership in technology and industry, while bridging Europe's innovation and investment gaps and delivering on the ambition of the Savings and Investment Union. The ECF InvestEU Instrument would include a facility aiming to ensure that high-growth enterprises developing or deploying innovative technologies, including in areas important for the Union's strategic interests and economic security, can access adequate capital to scale up their businesses. It will mobilise investments from Europe's capital markets, in line with Union's policy priorities.

(77) An ECF Project Advisory should be established to support objectives of the ECF, building on the of InvestEU Advisory Hub. It should unify advisory support to private and public entities across Europe, offering tailored services to potential beneficiaries and contribute to development of a pipeline of potential investment operations under the ECF. At the same time, role of business support services such as the EU for Business Network, among others, should be to make European businesses become more innovative and competitive, grow and scale in the Single Market and to raise awareness and contribute to capacity building on avenues for accessing capital market-based funding. To avoid undue administrative burden and ensure a swift deployment and support to the market in continuity, the ECF may rely on the existing community of the InvestEU Programme pillar assessed advisory partners.

(77a) In support of the implementation of the ECF and its policy windows, Member States may designate and support the National Contact Points. The Commission should collaborate with the National Contact Points network to stimulate cooperation and facilitate exchange of experience, knowledge and best practice aimed at increasing the effectiveness of the National Contact Point services across the Union. The National Contact Points will be managed and financed by Member States, which may, at their discretion, further extend their services to national and sub-national level. The National Contact Points may provide, among others, tailored business support services and proposal screening services supporting first-time applicants, aimed at reducing barriers to entry and facilitating successful participation, in collaboration with the ECF Project Advisory, the EU for Business Network and other structures.

(78) SMEs make up more than 99 % of all businesses in the Union, provide two thirds of jobs, and contribute substantially to the creation of new quality jobs in all sectors. Scaling firms exist across all sectors and levels of innovative prowess. Stimulating the Union's growth and innovation can only happen by boosting the many scalers that exist across the Union SME population. SMEs are essential to achieve the green and digital transformations of the economy, including the achievement of climate neutrality.

(79) However, access to finance is an important barrier for SMEs, especially for startups and scaleups, as they often rely on external financing to support their growth plans. SMEs face further barriers to innovation and growth that do not affect larger firms to the same extent, for example the lack of entrepreneurial skills, lack of access to technology infrastructure,

difficulties in protecting intellectual property or accessing export markets and value chains in order to develop their internationalisation activities.

(80) Evidence shows that direct financial support to SMEs is not enough on its own to support their scaling-up and that they need and benefit from dedicated advice at Union level. Providing advice on Single Market rules, innovation and access to finance contributes to Union competitiveness. Moreover, business support at local, regional and national level is diverse and should also connect less developed and outermost regions. Existing Union initiatives such as the Enterprise Europe Network, European Cluster Collaboration Platform and European Digital Innovation Hubs have helped bridge this gap. Accordingly, an 'EU for Business Network' shall be established, building on the Enterprise Europe Network (EEN), the European Cluster Collaboration Platform (ECCP) and other networks, to simplify and streamline advisory and partnership services.

(81) The ECF will support SME's access to finance and strengthen the competitiveness of the Union SMEs via two main avenues, to be implemented through the work programmes adopted pursuant to this Regulation. First, complementary to the EU for Business Network, the ECF will also conduct additional cross-cutting activities focused on strengthening the competitiveness of SMEs. Second, the ECF policy windows should include dedicated SME actions targeting SMEs in strategic sectors such as bonus systems to encourage SME participation, with a view to fostering SME innovation, growth and scaling-up. Special support may be granted for access to and the availability of finance for SMEs and small mid-cap companies across all sectors of the economy, including micro-finance, support for social enterprises. Furthermore, a flexible financial toolbox under the ECF should ensure that SMEs could receive the type of support that best fits their needs along their investment journey.

(82) To further support the principles of simplification and easy access to Union funding opportunities for beneficiaries, the ECF should offer a single portal centralising information on and access to all Union funding opportunities and support other activities. The single portal should facilitate and accelerate access to Union and other funding, financing and investments, streamlining the approach while building on the Funding and Tenders Portal, InvestEU Portal, Access to Finance Portal, STEP Portal and other relevant platforms. It should also be possible to directly apply for funding opportunities **managed by the Commission** on the single portal.

(83) [The ECF is to be implemented in accordance with Regulation (EU) [XXX][20] of the European Parliament and of the Council [Performance Regulation] which establishes the rules for the expenditure tracking and the performance framework for the Union budget, including rules for ensuring a uniform application of the principles of 'do no significant harm' and gender equality referred to in Article 33(2), points (d) and (f), of Regulation (EU, Euratom) 2024/2509 respectively, rules for monitoring and reporting on the performance of Union programmes and activities, rules for establishing a Union support portal, rules for the evaluation of the programmes, as well as other horizontal provisions applicable to all Union programmes such as those on information, communication and visibility.]

(83a) **In accordance with Regulation (EU) 2024/2509 and the Performance Regulation, the Commission should monitor the implementation of the ECF and its overall performance, including participation trends and the geographic distribution of funded actions across the Union in accordance with Annex II of the Performance Regulation, and inform annually the European Parliament and the Council on the level of implementation of the programme as per Article 9 of the Performance Regulation. Best efforts should be made to ensure that, at the end of the implementation period, excessive and persistent geographical concentration, not justified by the distribution of relevant technological and industrial capacities across the Union, is avoided. The Commission should inform the ECF General Committee on the results of the performance monitoring and of any measures undertaken in case excessive and persistent concentration is identified.**

(84) In a rapidly changing economic, social and geopolitical environment, recent experience has shown the need for a more flexible multiannual financial framework and Union programmes. [To that effect, and in line with the objectives of the ECF, the funding should duly consider the evolving policy needs as identified in relevant documents published by the Commission, in Council conclusions and European Parliament resolutions, while ensuring sufficient predictability for the budget implementation.]

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~~(84a) For the purpose of Chapter IV and Chapter VII, Section 4 of this Regulation, coordination and support actions consist of actions aimed at capacity building, at dissemination of information and of knowledge, and at awareness raising respectively in the fields of clean transition and industrial decarbonisation, and civil security industry policy.~~

(85) In order to achieve the general and specific objectives of the ECF, the power to adopt acts in accordance with Article 290 of the TFEU should be delegated to the Commission in respect of the adoption of ECF InvestEU Instrument investment guidelines, changes to the maximum amount of the budgetary guarantee and the provisioning rate, as well as in respect of certain measures in support of space policy. It is of particular importance that the Commission carries out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.[21] In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.

(86) In order to ensure uniform conditions for the implementation of the ECF through certain measures set out in work programmes as well as certain measures in support of space policy, implementing powers should be conferred on the Commission. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council.[22]

(87) Work programmes and other acts implementing this Regulation should be adopted in accordance with Regulation (EU) No 182/2011. The examination procedure should be used for the adoption of certain acts as defined in this Regulation, including work programmes implementing activities for clean transition, health, biotech, agriculture and bioeconomy, and digital leadership, resilience and security, defence industry and space, given that those acts should be fully supported and create synergies with national and shared management

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21 OJ L 123, 12.5.2016, p. 1, ELI: http://data.europa.eu/eli/agree_interinstit/2016/512/oj.

22 Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by Member States of the Commission's exercise of implementing powers, OJ L 55, 28.2.2011, p. 13–18.

activities conducted by the Member States. For some implementing acts of a technical nature under the area of space the advisory procedure should be used.

(87a) **In order to ensure appropriate representation of Member States for discussing matters relating to the specific dedicated part of the work programmes covering collaborative research and innovation, when relevant, the agendas of the relevant committee configurations should include dedicated items on collaborative research and innovation.**

(88) The Commission should adopt immediately applicable implementing acts in duly justified cases where a work programme has not been adopted or need to be adopted in expedited fashion to immediately react to a crisis or other similar exceptional and duly substantiated emergencies, imperative grounds of urgency so require.

(89) The ECF replaces the programmes established by Regulations (EU) 2021/522,[23] (EU) 2021/694,[24] (EU) 2021/696,[25] (EU) 2021/697,[26] (EU) 2021/783,[27] (EU) 2023/588,[28] , repeals provisions of Regulations (EU) 2021/696, (EU) 2023/588 and (EU) [EDIP].

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[23] Regulation (EU) 2021/522 of the European Parliament and of the Council of 24 March 2021 establishing a Programme for the Union's action in the field of health ('EU4Health Programme') for the period 2021-2027, and repealing Regulation (EU) No 282/2014 (OJ L 107, 26.3.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/522/oj).

[24] Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240 (OJ L 166, 11.5.2021, p. 1, ELI: http://data.europa.eu/eli/reg/2021/694/oj).

[25] Regulation (EU) 2021/696 of the European Parliament and of the Council of 28 April 2021 establishing the Union Space Programme and the European Union Agency for the Space Programme and repealing Regulations (EU) No 912/2010, (EU) No 1285/2013 and (EU) No 377/2014 and Decision No 541/2014/EU (OJ L 170, 12.5.2021, p. 69, ELI: http://data.europa.eu/eli/reg/2021/696/oj).

[26] Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092 (OJ L 170, 12.5.2021, p. 149, ELI: http://data.europa.eu/eli/reg/2021/697/oj) .

[27] Regulation (EU) 2021/783 of the European Parliament and of the Council of 29 April 2021 establishing a Programme for the Environment and Climate Action (LIFE), and repealing Regulation (EU) No 1293/2013 (OJ L 172, 17.5.2021, p. 53, ELI: http://data.europa.eu/eli/reg/2021/783/oj).

[28] Regulation (EU) 2023/588 of the European Parliament and of the Council of 15 March 2023 establishing the Union Secure Connectivity Programme for the period 2023-2027 (OJ L 79, 17.3.2023, p. 1, ELI: http://data.europa.eu/eli/reg/2023/588/oj).

HAVE ADOPTED THIS REGULATION:

Chapter I
General Provisions

SECTION 1
OBJECTIVES AND STRUCTURE OF THE FUND

Article 1
[Subject Matter]

1. [This Regulation establishes the European Competitiveness Fund (the 'ECF'), including a specific programme on defence research and innovation referred to in Article 182(3) TFEU and lays down the objectives of the ECF, its budget for the period 2028-2034, the forms of Union support and the rules for providing such support under cross-cutting activities and specific policies supported by the ECF.

2. This Regulation lays down:

(a) A 'Clean Transition and Industrial Decarbonisation' window – implemented through the activities set out in Chapter II and Chapter IV, and contributing to the specific objectives set out in Article 3(2), point (a);

(b) A 'Health, Biotech, Agriculture and Bioeconomy' window – implemented through the activities set out in Chapter II and Chapter V, and contributing to the specific objectives set out in Article 3(2), point (b);

(c) A 'Digital Leadership' window – implemented through the activities set out in Chapter II and Chapter VI, and contributing to the specific objectives set out in Article 3(2), point (c);

(d) A 'Resilience and Security, Defence Industry, and Space' window – implemented through activities set out in Chapter II and Chapter VII, including the specific programme for defence research and innovation referred to in paragraph 1, and contributing to the specific objectives set out in Article 3(2), point (d).

PUBLIC

3. The Regulation also sets up a legal framework aiming at ensuring security of supply, removing investment obstacles and production bottlenecks and supporting the competitiveness of the Union's industrial base.]

PUBLIC

Article 2

Definitions

1. For the purposes of this Regulation, the following definitions apply:

(1) 'Advisory agreement' means a legal instrument whereby the Commission and the advisory partner specify the conditions of the implementation of the project advisory services;

(2) 'Advisory partner' means an eligible counterpart such as a financial institution or other entity with whom the Commission has concluded an advisory agreement for the purpose of implementing one or more advisory initiatives, other than advisory initiatives implemented through external service providers contracted by the Commission or through executive agencies;

(3) 'Compartment' means a part of the ECF InvestEU Instrument as set out in Article 24(1) defined by the origin of the resources backing the support;

(4) 'Control' means the ability to exercise a decisive influence over a legal entity directly, or indirectly through one or more intermediate legal entities;

(4a) 'Defence products' means any defence-related products as referred to in the Annex to Directive 2009/43/EC, as well as works, supplies and services directly related to those products for any and all elements of their life cycle within the meaning of Article 2, point (c), of Directive 2009/81/EC;

(5) 'Executive management structure' means the body of a legal entity appointed in accordance with national law, and which, where applicable, reports to the chief executive officer or any other person having comparable decisional power, and which is empowered to establish the legal entity's strategy, objectives and overall direction, and oversees and monitors management decision-making;

(6) ‘EIB Group’ means the European Investment Bank (EIB), its subsidiaries, and other entities established under Article 28(1) of Protocol No 5 on the Statute of the European Investment Bank (the EIB Statute);

(6a) ‘EU classified information’ or ‘EUCI’ means any information or material designated by an EU security classification, the unauthorised disclosure of which could cause varying degrees of prejudice to the interests of the Union or of one or more of the Member States;

(6b) ‘Classified background information’ means any classified data, tangible or intangible, that is held prior to the accession to a given action and identified in written agreement as necessary for implementing that action. Such information shall bear a national classification marking or an EU classification marking;

(6c) ‘Classified foreground information’ means any classified result, tangible or intangible, which is generated within a given action under this Regulation;

(7) ‘guarantee agreement’ or 'contribution agreement' means an agreement concluded between the Commission and an implementing partner for the implementation of support under the ECF InvestEU Instrument;

(8) ‘Imperative public interest’ means, for the purpose of Article 20, an overriding reason for providing Union support for a certain action, or set of actions, due to a clear and significant contribution to the achievement of **the** policy objectives under **Article 3 of** the ECF**, where the action is of a strategic impact and where the absence or delay of Union support could result in a material risk to the Union's competitiveness**, which justifies the application of accelerated and simplified rules to the award;

(9) ‘Implementing partner’ means an entity implementing, in indirect management, support under the ECF InvestEU Instrument;

(10) ‘Important project of common European interest’ (IPCEI) means a project that fulfils all the criteria laid down in the Commission Communication on Criteria for the analysis of the compatibility with the internal market of State aid to promote the execution of important projects of common European interest or any subsequent revision of that Communication;

PUBLIC

(11) 'Investment journey' means the continuum of public and private financial support and policy support mechanisms provided to recipients across its entire development chain, including a comprehensive series of activities involved in the allocation of financial resources and provision of support to foster innovation and economic growth. This journey includes, but is not limited to, the initiation from fundamental and applied research phases, progressing through stages of scaling up, industrial deployment, and advancing to the culmination in full-scale manufacturing and industrial maturity and internationalisation;

(12) 'Financing and investment operations' or 'financing or investment operations' means operations to provide finance directly or indirectly to final recipients through financial products, carried out by:

(a) an implementing partner in its own name, provided by the implementing partner in accordance with its internal rules, policies and procedures and accounted for in the implementing partner's financial statements or, where applicable, disclosed in the notes to those financial statements;

(b) in the context of the ECF InvestEU financial instrument, an implementing partner in its own name or in its own name but on behalf of the Commission, as applicable;

(13) 'Legal entities' means a natural or legal person created and recognised as such under Union, national or international law, including Structures for European Armament Programme (SEAP), established in accordance with Regulation (EU) [XXX][29] of the European Parliament and of the Council [EDIP], which has legal personality and the capacity to act in its own name, exercise rights and be subject to obligations, or an entity which does not have legal personality as referred to in Article 200(2), point (c), of the Financial Regulation;

(14) 'Policy window' means a targeted area for support by the ECF Toolbox as specified in Article 3(2);

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[29] OJ L.., p

PUBLIC

(15) ‘Pre-commercial procurement’ means the procurement of research and development services involving risk-benefit sharing under market conditions where there is a clear separation of the research and development services procured from the deployment of commercial volumes of end-products;’

(16) ‘Project advisory’ means advisory that supports investment, including capacity building and market development activities, and business acceleration services provided by advisory partners, by external service providers contracted by the Commission or through European executive agencies;

(17) ‘Competitiveness Seal’ means a quality label awarded to a proposal submitted to a call for proposals that meets all the quality requirements set out in the award procedure;

(18) ‘Small mid-cap company’ means an entity as defined in the Commission recommendation 2025/3500 final;

(19) ‘Small and medium-sized enterprise’ or ‘SME’ means a micro, small or medium-sized enterprise within the meaning of the Annex to Commission Recommendation 2003/361/EC;

(20) ‘Stakeholders' means individuals, groups, or organizations that are affected by and can be involved in the programme implementation;

(21) ‘Infrastructure’ means all physical and virtual elements necessary for the provision of services and economic activities, including networks, grids and assets, as well as mobile assets linked to infrastructure, fostering decarbonisation, resilience, efficiency, digitalisation, and interoperability;

(21a) ‘dynamic availability management’ means the provision of defence products in time, at the agreed location and to the agreed levels of availability, as well as managing availability risks that could materialise in the form of shortages of the defence product concerned; in this context, ‘availability’ means the ability of the defence product to function faultlessly under defined conditions and to be ready to use when required;

PUBLIC

(21b) 'maintenance of defence products' means all actions taken to ensure the readiness and operational capability of a defence product, in particular to retain equipment in, or restore it to, specified conditions until the end of its use, including mission readiness, longevity and upgrades, customisation and specialisation, inspection, overhaul, testing, servicing, modifications, classification as to serviceability, repair, recovery, rebuilding, reclamation, salvage and cannibalisation.

(21ba) 'life cycle of a defence product' means all the possible successive stages of a defence product, from research and development to de-commissioning and disposal;

(21c) A coordination and support action means an action aimed at capacity building, at dissemination of information and of knowledge, and at awareness raising.

Article 3

Objectives

1. The general objective of the ECF is to strengthen the Union's competitiveness**, contribute to productivity growth and the Union's resilience,** supporting investments that provide Union added value~~,~~ notably in strategic sectors and technologies **as well as innovative solutions,** along the investment journey by:

(a) delivering technological, economic, social and environmental impact from the Union's investments, including by developing disruptive and incremental innovation, and emerging, cutting-edge, dual-use, and strategic technologies with significant economic potential, including by raising productivity and developing and accelerating their manufacturing and industrial and market deployment;

(b) reducing or preventing the Union's strategic dependencies, and reinforcing the Union's resilience, sovereignty and economic security, including through diversifying sources and markets, circular use of resources, support to ramp up of the Union's production of strategic technologies and creating, strengthening and safeguarding critical Union value chains and infrastructure, including from hybrid and cyber threats;

(c) addressing market failures and suboptimal investment situations, especially by crowding in private capital and institutional investors, as well as crowding in public

funding in a proportionate manner, ensuring additionality, by avoiding duplication and without crowding out other private or public investors; serving as an integrated platform for delivering targeted financial support to companies across all development phases, including those actively pursuing manufacturing, industrial and market deployment;

(d) furthering the integration of Union capital markets in line with the objective of delivering the Savings and Investments Union, including tools to address the fragmentation of Union capital markets, eliminate barriers and create incentives for private investments and diversify and reinforce the sources of financing for Union enterprises in all the Member States, including those with less developed capital markets;

(e) aligning research, innovation and industrial policy support to translate Union's research excellence into Union industrial strength on global markets and securing the future of manufacturing in Europe while fostering an innovative European economy;

(f) developing and strengthening Union cross-border and critical infrastructure essential for the Union's competitiveness, strategic independence and resilience in particular for energy, transport, digital, security, defence, space, water and social infrastructure, and related data and services;

(g) strengthening the competitiveness of SMEs and small mid-cap companies established in the Union and their ability to grow and scale up, in particular by improving their access to finance, including private investment, micro-finance and support to social enterprises as well as facilitating access to Union funding, through faster, simplified and harmonised procedures and reducing and ensuring a proportionate reporting burden;

(h) promoting quality jobs and addressing shortages of skills critical to all kinds of employment in strategic sectors for EU competitiveness, through both horizontal and **primarily** specific skills investment, contributing to the availability of skills in future emerging technologies, and by pursuing to accompany investments with skills investment;

PUBLIC

(i) ensuring the integration of the Single Market, including by supporting initiatives at any stage of the investment journey likely to generate significant innovation, productivity and security gains with positive spill-over effects for the Single Market and resilience of its value chains;

(k) ensuring a just transition to a sustainable, decarbonised and digital economy that is fair and supportive of workers and communities, contributing to the protection of biodiversity and human health;

(ka) supporting actions for the development, implementation, and monitoring of relevant Union legislation and policy.

2. Under the general objectives set out in paragraph 1, the ECF shall in particular pursue the following specific objectives:

(c) For support to Digital Leadership, the specific objectives of fostering innovation, competitiveness and sovereignty of the digital sector for a competitive and secure Union, bringing its benefits to citizens and society, public administrations and businesses across the Union. This shall include, but not be limited to, supporting the entire scope of the digital sector and value chains in a comprehensive and strategic manner including support to startups, scaleups and SMEs, with a focus on key digital areas ~~such as~~**which include, but are not limited to** artificial intelligence, high-performance computing and data technologies and infrastructures, quantum technologies and infrastructures, semiconductors, advanced materials, software technologies and services, augmented reality and virtual worlds, platforms and media-relevant technologies, robotics and additive and digital manufacturing technologies and processes, connectivity technologies and infrastructures, digital infrastructures and services such as digital identity and trust services and interoperable digital technologies, cybersecurity, and new and emerging digital technologies as well as cross-sectoral digital technologies and applications, including those with dual-use potential, in particular by:

(i) developing and shaping sustainable core digital technologies;

(ii) building attractive, competitive, secure and resilient digital ecosystems and strengthening the security of supply;

(iii) building, developing, modernising, completing and deploying state-of-the-art and sustainable digital applications, infrastructures and services, including trans-European digital networks;

(iv) supporting the digital transformation and interoperability of public and private sectors;

(v) supporting the development of advanced digital skills including cybersecurity skills;

(vi) supporting the development, implementation, monitoring and enforcement of relevant Union legislation and policy;

(vii) enhancing the high level of cybersecurity in the Union;

(viii) and supporting the innovation and competitiveness potential of cultural and creative industries and sectors.

(d) For support to 'Resilience and Security, Defence Industry and Space' policy, respectively the specific objectives of:

(3) For the implementation of EU space systems and space policy, the specific objectives of:

(a) Designing, developing, deploying, operating and maintaining space systems, providing high quality and up-to-date space-based data, information and services meeting user needs and **security requirements and** supporting Union policies, and ensuring the evolution of those systems and services;

(b) Maximising the socio-economic benefits of space-based activities, in particular by fostering the development of an innovative and competitive Union space economy and the uptake of space information, data and services, and supporting the development of a genuine internal market for space activities, including collaborative research and innovation for space products and technologies and support to start-ups, scale-ups, and SMEs, while supporting ~~entrepreneurs~~**companies** to grow internationally;

PUBLIC

(c) Enhancing the safety, security and **environmental** sustainability of all outer space activities;

(d) Promoting the role of the Union as a global actor in the space sector and space diplomacy.

PUBLIC

Article 4

[Budget]

1. [The indicative financial envelope for the implementation of the ECF for the period from 1 January 2028 to 31 December 2034 shall be EUR 234 300 000 000 in current prices.

2. The indicative distribution of the amount referred to in paragraph 1 shall be as follows:

(a) EUR 11 000 000 000 for activities contributing to the general objectives referred to Article 3, as implemented in particular through cross-cutting activities such as non-thematic support of the ECF InvestEU Instrument, referred to in Chapter II, Section 2; Project Advisory, SME Collaboration, skills development and Access to Funding, referred to in Chapter III;

(b) EUR 26 210 000 000 for the specific objectives referred to in Article 3(2), point (a);

(c) EUR 20 393 000 000 for the specific objectives referred to in Article 3(2), point (b);

(d) EUR 51 493 000 000 for the specific objectives referred to in Article 3(2), point (c);

(e) EUR 125 204 000 000 for the specific objectives referred to in Article 3(2), point (d);

3. Budgetary commitments for activities extending over more than one financial year may be broken down over several years into annual instalments.

4. Appropriations may be entered in the Union budget beyond 2034 to cover the expenses necessary to fulfil the objectives set out in Article 3, to enable the management of actions not completed by the end of the period referred to in paragraph 1 of this Article, as well as expenses covering critical operational activities and services.

5. The financial envelope referred to in paragraph 1 of this Article and the additional resources referred to in Article 5 may also be used for technical and administrative

assistance for the implementation of the ECF, such as preparatory, monitoring, control, audit and evaluation activities, corporate information technology systems and platforms, information and communication activities, including corporate communication on the political priorities of the Union, and all other technical and administrative assistance or staff-related expenses incurred by the Commission for the management of the ECF.]

SECTION 2

SINGLE RULEBOOK

Article 5

Additional resources

1. Member States, Union institutions, bodies and agencies, third countries, international organisations, international financial institutions, or other third parties, may make additional financial or non-financial contributions available to the ECF, or to any of its specific activities or objectives referred to in Article 3(2), including specific contributions to the ECF InvestEU Instrument budgetary guarantee and financial instruments as referred to in Article 21. Additional financial contributions shall constitute external assigned revenue within the meaning of Article 21(2), points (a), (d), or (e) or Article 21(5) of Regulation (EU, Euratom) 2024/2509.

2. Resources allocated to Member States under shared management may, at their request, in accordance with Article X of Regulation (EU) [XXX][NRPF regulation], be made available to the ECF. The Commission shall implement those resources directly or indirectly in accordance with Article 62(1), point (a) or (c) of Regulation, (EU, Euratom) 2024/2509. Those resources shall be additional to the amount referred to in Article 4 and shall be used for the benefit of the Member State concerned. Where the Commission has not entered into a legal commitment under direct or indirect management for additional amounts thus made available to the ECF, the corresponding uncommitted amounts may, at the request of the Member State concerned, be transferred back to one or more respective chapters of the Plan or their successors.

PUBLIC

3. [Any revenues generated by activities and components under Chapter VII, section 3 of this Regulation, shall constitute external assigned revenue within the meaning of Article 21(5) of Regulation (EU, Euratom) 2024/2509 to the ECF or its successor.]

4. [[From 1 January 2028 / programme start date], by way of derogation from the first, second and fourth subparagraphs of Article 212(3) of Regulation (EU, Euratom) 2024/2509, revenue, repayments and recoveries from financial instruments funded from this Regulation, its predecessor, and those referred to in Annex IV of Regulation (EU) 2021/523 shall be used to provide Union support under the ECF. By way of derogation from point (f) of Article 21(3) and in accordance with Article 21(5) of Regulation (EU, Euratom) 2024/2509, these resources shall constitute external assigned revenue to the ECF.]

5. [[From 1 January 2028 / programme start date], by way of derogation from point (a) of Article 216(4) of Regulation (EU, Euratom) 2024/2509, any surplus of provisions for the budgetary guarantees established by Regulations (EU) 2015/1017[2] and (EU) 2021/523[3] may be used to provide Union support under the ECF. These resources shall constitute external assigned revenue within the meaning of Article 21(5) of Regulation 2024/2509 to the ECF.]

Article 6

Alternative, combined and cumulative funding

1. The ECF shall be implemented in synergy with other Union programmes. An action that has received a Union contribution from another programme may also receive another contribution under the ECF. The rules of the relevant Union programme shall apply to the corresponding contribution or a single set of rules may be applied to all contributions and a single legal commitment may be concluded. If the Union contribution is based on eligible costs, the cumulative support from the Union budget shall not exceed the total eligible costs of the action and may be calculated on a pro-rata basis in accordance with the documents setting out the conditions for support.

2. Award procedures under the ECF may be jointly conducted under direct or indirect management with Member States, Union institutions, their departments, bodies and agencies, third countries international organisations, international financial institutions, or

other third parties, provided the protection of the financial interests of the Union as well as of the security and defence interests of the Union and its Member States is ensured. Such procedures shall be subject to a single set of rules and lead to the conclusion of single legal commitments. For that purpose, the partners may make resources available to the ECF in accordance with Article 5 of this Regulation, or the partners may be entrusted with the implementation of the award procedure, where applicable, in accordance with Article 62(1), point (c), of Regulation (EU, Euratom) 2024/2509. In joint award procedures, representatives of the partners to the joint award procedure may also be members of the evaluation committee referred to in Article 153(3) of Regulation (EU, Euratom) 2024/2509.

PUBLIC

Article 7

Coordination regarding ECF and other Union funding programmes

1. The Commission shall ensure the strategic coherence and consistent implementation of the European Competitiveness Fund, the Framework Programme for Research and Innovation and the Innovation Fund.

2. The Commission and Member States shall, in a manner commensurate with their respective responsibilities, facilitate coordination and coherence between the European Competitiveness Fund and national and regional partnership plans on common competitiveness priorities in selected key areas and projects deemed of strategic importance and of common European interest.

3. The ECF shall be implemented in synergy and in a complementary way with the Global Europe Fund to support global competitiveness, ensure diversified supply sources, and strengthen export potential and opportunities of European companies, and with other Union funds, including the Connecting Europe Facility, the Single Market and Customs Programme, Erasmus+ and AgoraEU.

Article 8

Competitiveness Seal

1. Where the work programme provides for the possibility to award a Competitiveness Seal, it shall be awarded to high-quality proposals or actions which shall comply with the following cumulative conditions:

(a) they have been assessed in an award procedure under the ECF;

(b) they comply with the minimum quality requirements of that award procedure;

(ba) they comply with any additional conditions that may be set out in the work programme or the documents related to the award procedure.

3. Member States may support projects which have been awarded a Competitiveness Seal, or may provide support through the ECF by making additional resources available to the ECF in accordance with Article 5(1) or (2).

4. Notwithstanding paragraph 1, strategic projects identified in Union legislation that fulfil the conditions in paragraph 1, points (a) and (b), shall be granted the Competitiveness Seal.

Article 9

Eligibility

1. Eligibility criteria shall be set to support achievement of the general and specific objectives referred to in Article 3 of this Regulation, in accordance with Regulation (EU, Euratom) 2024/2509 and apply to all award procedures under the ECF.

2. Provided any specific condition laid down within each policy window or component are met, one or more of the following categories of legal entities may be eligible to receive Union support in award procedures under direct and indirect management:

(a) entities established in a Member State or in Overseas Countries and Territories;

(b) entities established in an associated country;

(c) international organisations;

(d) other entities established in non-associated third countries where the funding of such entities is essential for implementing the action and contributes to the objectives set out in Article 3.

3. In addition to Article 168(2) and (3) of Regulation (EU, Euratom) 2024/2509, associated third countries referred to in Article 11(1) of this Regulation and international organisations may, where relevant, participate in and benefit from any procurement mechanisms set out in Article 168(2) and (3) of Regulation (EU, Euratom) 2024/2509. Rules applicable to Member States pursuant to Article 168 of Regulation (EU, Euratom) 2024/2509 shall be applied, mutatis mutandis, to participating associated third countries and international organisations.

4. In award procedures, the following activities shall not be eligible for support:

(a) activities that are prohibited by Union law, applicable international law, or by national law in all Member States;

(b) activities that are already fully financed from other public or private sources.

4a. In accordance with Article 136 of the Financial Regulation, eligibility restrictions shall apply to high-risk suppliers in line with EU law, for security reasons.

5. The work programme or the documents related to the award procedure may further specify the eligibility criteria set out in this Regulation.

6. Representatives of third countries or international organisations shall not be present in deliberations on eligibility criteria.

Article 9a

Award criteria

1. ~~Where relevant and appropriate depending on the nature of the award procedure, and~~ In accordance with Regulation (EU, Euratom) 2024/2509, award criteria set out in the work programmes referred to in Article 15 **or in calls for proposals** shall **reflect, as relevant, the general objectives in Article 3(1) and** be based on the following principles:

(a) The quality of the proposals submitted in the light of the objectives and the priorities set out in the call~~;~~ **for proposals. The quality criteria may include elements such as technical merit, innovative and functional characteristics and capacity to deliver the expected results.**

(b) The impact of the expected results of the proposals on achieving the objectives and the priorities set out in the call~~;~~ **for proposals, especially focusing on the Union added value, the contribution to competitiveness, productivity and resilience, and the extent to which the project can overcome financial obstacles such as the lack of market finance or suboptimal investment situations.**

~~(ba) the overall effectiveness of the Union funding;~~

(c) The ability of the proposals to support specific activities in Chapters III, IV, V, VI and VII, Sections 1, 3 and 4, **where relevant** considering the nature **and the objectives** of the activities.

2. Representatives of third countries or international organisations shall not be present in deliberations on award criteria.

3. This article shall not apply to work programmes adopted to implement the activities under Chapter VII, Section 2.

Article 10

[EU Preference]

1. [The ECF support shall target development manufacturing and exploitation in the Union of strategic technologies and sectors, in line with Union law and international commitments. The award procedures may apply any of the conditions set out in paragraph 2 to protect Union's strategic and economic security interests, as well as security and critical assets and the services they provide.

2. The work programme, the investment guidelines or the documents related to the award procedure may set out eligibility conditions to ensure the competitiveness of the Union, including protection of economic interests and autonomy of the Union where necessary and appropriate, including through preferential conditions such as restrictions or incentives

for Union entities, while limiting distortion of the single market. Those eligibility conditions may take the form of:

(a) participation and performance restrictions requiring participating entities to be established, use facilities, or perform activities in the Member States, and where appropriate other eligible countries. The work programme or the documents related to the award procedure may set out further details on the application of these participation and performance restrictions;

(b) transfer restrictions requiring recipients of ECF funding, during or within 5 calendar years after the end of an action, to not directly or indirectly transfer all or certain operations, results or related access and use rights, including granting of licences, from an eligible Member State or associated country to an ineligible third country. Otherwise, Union funding may be reduced and may be fully or partially recovered. The work programme or the documents related to the award procedure may set out further details on the application of these transfer restrictions;

(c) supply and content restrictions requiring recipients of ECF funding to ensure a certain minimum use or sourcing of equipment, supplies and materials, or their components, used for the action from eligible entities referred to in paragraph 2, points (a) and (b), unless those supplies and materials cannot be reasonably sourced from those eligible entities. The work programme or the documents related to the award procedure may set out further details on the application of these supply and content restrictions;

(d) control restrictions requiring recipients of ECF funding to acquire and/or hold the ability to decide, without restrictions imposed by ineligible entities, on the creation and use of results, including the legal authority and practical capability to modify, substitute, or remove components of results that are subject to restrictions imposed by ineligible entities or third countries. The work programme or the documents related to the award procedure may set out further details on the application of these design authority restrictions;

3. Award procedures affecting security, defence or public order, in particular concerning strategic assets and interests of the Union or its Member States are to be restricted in

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accordance with Article 136 of Regulation (EU, Euratom) 2024/2509. Those eligibility restrictions may, in particular, include:

(a) as regards the participating entities, executive management structures restrictions and ownership and control restrictions limiting participation of all or certain entities to those entities with executive management structure, as well as ownership and control by natural or legal persons, established in the Member States, and where appropriate other eligible countries;

(b) as regards the implemented activities, place of performance, use of facilities, or equipment restrictions limiting the use for all or certain activities to those assets located or originating in the Member States, and where appropriate other eligible countries;

(c) as regards other security restrictions, security reviews and risks assessments, security clearances, transfer and access rights restrictions, including granting of licences to ensure appropriate safeguards for all or certain results and other information generated or used by the action.]

Article 11

Third countries associated to the ECF

1. The ECF may be opened to the participation of the following third countries through full or partial association to the ECF, in accordance with the objectives laid down in Article 3 and applicable to:

(a) members of the European Free Trade Association which are members of the European Economic Area, in accordance with the conditions laid down in the Agreement on the European Economic Area, as well as European micro-states (Andorra, Monaco, San Marino and the Vatican City), in accordance with the conditions laid down in the relevant agreements;

(b) acceding countries, candidate countries and potential candidates, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements, protocols and Association Council decisions or in similar agreements and in

accordance with the specific conditions laid down in agreements between the Union and those countries;

(c) European Neighbourhood Policy countries, in accordance with the general principles and general terms and conditions for the participation of those countries in Union programmes established in the respective framework agreements, protocols and Association Council decisions or in similar agreements and in accordance with the specific conditions laid down in agreements between the Union and those countries;

(d) other third countries, in accordance with the conditions laid down in a specific international agreement covering the participation of the third country to any Union programme.

2. The agreements for participation in the ECF referred to in paragraph 1 shall:

(a) ensure a fair balance as regards the contributions and benefits of the third country participating in the ECF;

(b) lay down the conditions of participation in the programmes, including the calculation of financial contributions, consisting of an operational contribution and a participation fee, to the ECF and its general administrative costs;

(c) not confer on the third country any decision-making power in the programme;

(d) guarantee the rights of the Union to ensure sound financial management and to protect its financial interests;

(e) where relevant, ensure the protection of strategic, security, defence and public order interests of the Union and its Member States.

3. For the purposes of paragraph 2, point (d), the third country shall grant the necessary rights and access required under Regulations (EU, Euratom) 2024/2509 and (EU, Euratom) No 883/2013, and guarantee that decisions imposing a pecuniary obligation on persons other than States in the meaning of Article 299 TFEU, as well as judgements and orders of the Court of Justice of the European Union, are enforceable.

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4. Separate specific agreements may be concluded in accordance with Article 218 TFEU for activities under the ECF related to security, the provision of secured services and critical assets to the EU.

Article 12

Implementation and forms of Union support

1. The ECF shall be implemented through work programmes in accordance with Article 110 of Regulation (EU, Euratom) 2024/2509. The work programmes shall be annual or multiannual; multiannual work programmes shall be the preferred means of implementation depending on the nature and the objective of the implemented activities.

2. The ECF shall be implemented in accordance with Regulation (EU, Euratom) 2024/2509, under direct management or under indirect management with entities referred to in Article 62(1), point (c) of that Regulation.

3. Award procedures implemented under the ECF, shall comply with the general provisions of the ECF as set out in Chapters I and II of this Regulation, which, in case of conflict, shall prevail over any other rules pertaining to the activities or subsequent implementing acts.

4. Where award procedures concern more than one specific objective laid down in Article 3(2), the work programme may, on the basis of which of the applicable rules are most appropriate to the nature and specific characteristics of the activity in question and, if applicable, which component is predominant, specify that the award procedure is implemented under the rules of one of the concerned specific objectives set out in Chapters IV to VII of this Regulation in addition to Regulation (EU, Euratom) 2024/2509 and the general rules set out in Chapter I and II of this Regulation. This paragraph applies without prejudice to the application of Articles 50 and 51 for activities falling under the objectives laid down in Article 3(2)(d)(2).

5. In accordance with Article 192 of Regulation (EU, Euratom) 2024/2509, grants shall be awarded in open and competitive procedures following a publication of calls for proposals, except in the cases referred to in Article 198 of that Regulation, including with point (e).

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6. Union support may be provided in any form in accordance with Regulation (EU, Euratom) 2024/2509, in particular grants, prizes, procurement, non-financial donations, budgetary guarantees, and financial instruments.

7. Where Union support is provided in the form of a budgetary guarantee and financial instruments, including when combined with other forms of non-repayable support in blending operations, it shall be implemented in accordance with Title X of Regulation (EU, Euratom) 2024/2509 .

8. Where Union funding is provided in the form of a grant, including when combined in blending operations with other forms of repayable support not supported by the Union budget, funding shall be provided in accordance with Title VIII of Regulation (EU, Euratom) 2024/2509 and in the form of financing not linked to costs in accordance with Article 125(1), point (a), of that Regulation (EU, Euratom) 2024/2509, or, where necessary, and in accordance with the same regulation, simplified cost options. Funding may be also provided in the form of actual eligible cost reimbursement where the objectives of an action cannot be achieved otherwise or where this form is necessary to enable other sources of funding, including financing from Member States.

9. In accordance with Article 153(3) of Regulation (EU, Euratom) 2024/2509, for actions implementing research and innovation activities, the evaluation committee may be composed partially or fully of independent external experts.

10. Contributions to a mutual insurance mechanism set out in Article 30 of the Framework Programme for Research and Innovation may cover the risk associated with the recovery of sums due by recipients and shall be considered as a sufficient guarantee under Article 155 of Regulation (EU, Euratom) 2024/2509. No additional guarantee or security shall be accepted from beneficiaries or imposed upon them.

11. Where necessary to achieve the objectives set out in Article 3, parts of the ECF may be implemented through Public-Private or Public-public Partnerships established under the Framework Programme for Research and Innovation and identified and agreed in close cooperation with Member States, in particular by entrusting budget implementation tasks, in accordance with Article 62(1), point (c) of Regulation (EU, Euratom) 2024/2509, to joint undertakings established pursuant to Article 187 TFEU. Support from the ECF shall be conditional upon efficient use of Union financing, a proportionate financial contribution

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from other partners at least matching the Union contribution and voting rights for the Union in the governing bodies ensuring protection of the interests of the Union in the partnership. For that purpose, joint undertakings shall be established through a single establishing act ensuring centralised administrative functions.

11a. Where necessary to achieve the objectives set out in Article 3, parts of the ECF may be implemented through the framework of Multi-Country Projects established in accordance with Decision (EU) 2022/2481, including notably those implemented through the European Digital Infrastructure Consortia.

12. In addition to the grounds set out in Article 132 of Regulation (EU, Euratom) 2024/2509, award procedures and resulting legal commitments shall allow for termination where the objectives of the action are unlikely to be achieved at all or within the set timelines, or the action has lost its policy relevance.

Article 13

Protection of classified information

1. The Commission shall protect classified information in accordance with the security rules set out in Commission Decision (EU, Euratom) 2015/444.[30]

2. Each Member State shall ensure that it offers a degree of protection of EU classified information equivalent to security rules set out in Council Decision 2013/488/EU.[31]

2a. Classified information may be exchanged only with the third States or international organisations that have an agreement with the Union on the exchange and protection of classified information that is in force and applicable.

2b. Subject to paragraph 2a, a natural person resident in or legal person established in a third State may be given access to EUCI where deemed necessary on a case-by-case basis,

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[30] Commission Decision (EU, Euratom) 2015/444 of 13 March 2015 on the security rules for protecting EU classified information, OJ L 72, 17.3.2015, p. 53–88.

[31] Council Decision of 23 September 2013 on the security rules for protecting EU classified information, OJ [sr] L 274 , [sr] 15/10/2013, p. 1–50.

according to the nature and content of such information and the recipient's need-to-know and the degree of advantage to the Union.

2c. Where contracts or grant agreements involve, require or contain EU classified information, the relevant contracting or granting authorities shall specify in the call for proposals or tenders, the measures and requirements necessary to ensure the security of such information at the requisite level.

2d. To protect EUCI, the contracting or granting authorities shall ensure that the obligations of the contractors or beneficiaries regarding the protection of EUCI used or created in the performance of contracts or grant agreements are an integral part of those contracts or grant agreements. Contract- and grant-specific security requirements shall take the form of a security aspects letter ('SAL'). Where relevant, the programme- or project-specific security requirements shall take the form of a programme (or project) security instruction ('PSI').

2e. To ensure that EUCI is classified in a consistent way, the Commission shall develop Security Classification Guides with the assistance of security experts appointed by the Member States or by associated countries on whose territory the beneficiaries or the contractors are established.

3. Exchange systems that are security accredited by a competent security accreditation authority for the protection of EUCI at the required security classification level shall be used to facilitate the exchange of classified information with the Member States and, where appropriate, other recipients, including the relevant contractors and beneficiaries.

4. Union institutions, bodies and agencies involved in the implementation of the Union budget shall have access to non classified information necessary for the purpose of carrying out the award procedures, implementing contracts or grant agreements, including reporting and payments, as well as checks, reviews, audits, and investigations.

4a. Only Union institutions, bodies and agencies that have established security rules and procedures for handling and storing EU classified information that ensure the level of protection equivalent to the one afforded by the Commission or the Council, as applicable, may have access to EUCI. Access to classified information shall be granted only on a

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need-to-know basis to an individual who is authorised to access EUCI at the relevant level, where applicable.

Article 13a

Protection of award procedures

1. In all stages of the award procedures involving classified information, administrative information that is non classified and is necessary to evaluate, award and audit Union support, limited to legal, financial and procedural information, shall be handled as follows:

(a) information is covered by the obligation of professional secrecy;

(b) it shall only be accessible to recipients with a need-to-know;

(c) electronic transmission shall be encrypted in accordance with the requirements of the sending entity;

(d) the entities shall identify the users of a Communication and Information System (CIS) before granting them access to a CIS handling this information; users shall be authenticated at a level of assurance that is appropriate to the level of assessed risk;

(e) information shall be kept under the control of a liable holder.

SECTION 3

GOVERNANCE

Article 13b

Advisory role of the ECF General Committee

1. The ECF General Committee defined under Article 83(1), point (a) shall, in addition to its role as a committee within the meaning of Regulation (EU) 2011/182, advise the Commission and provide recommendations on:

(a) the overall strategic direction and priorities for the ECF, taking into account the objectives set out in Article 3(1) of this Regulation;

(aa) long-term competitiveness trends, areas of market failures and suboptimal investment situations;

(b) ~~potential actions to~~ support **to SMEs,**~~SMEs and~~ startups **and scaleups**;

(c) facilitating cooperation among Member States by leveraging opportunities stemming from their national industrial policies objectives and priorities;

(ca) the need to adjust priorities to evolving economic conditions;

(cb) strengthening the connection between research, innovation and industrial policy to deliver an integrated approach along the investment journey~~, taking into account European strongholds within research and innovation~~.

2. The Committee may also exchange information on issues related to this Regulation.

2a. When performing its advisory role pursuant to this Article, the ECF General Committee shall consider **among others** the orientation included in the acts adopted within the framework of the European Semester, the Annual Single Market and Competitiveness Report, the recommendations provided by the ECF Stakeholders Board and the results from the consultations under the thematic platforms.

3. At its first meeting in its advisory role, based on a proposal by the Commission, the ECF General Committee shall adopt its rules of procedure to be followed when the Committee acts in its advisory role.

4. The ECF General Committee shall hold ordinary meetings in its advisory role at least once a year **and additionally on request of a simple majority of Member States. At the start of the period covered by the Multiannual Financial Framework and following its mid-term review, the ECF General Committee shall hold a strategic meeting at an appropriate level, jointly with the Committee under Article 17b of the [Council Decision Horizon Europe 2025/0544] acting in its advisory role, in order to provide recommendations on the overall strategic direction and priorities for the implementation of the ECF in line with the objectives set out in Article 3. The Commission shall take the recommendations resulting from these meetings into account in the implementation of the ECF**. The Commission shall convene the meetings and prepare the agenda, after consulting the members of the ECF General Committee, in

accordance with the advisory tasks of the ECF General Committee pursuant to this Regulation and with its rules of procedure. ~~A representative of the Member States sitting in the Committee under Article 18 of the [Council decision – Horizon Europe 2025/0544] may be invited to~~**Joint** meetings ~~of~~**shall be organised between** the ECF General Committee under its advisory role **and the Committee under Article 17b of the [Council Decision – Horizon Europe 2025/0544] under its advisory role, to address issues of common relevance**~~to attend discussions~~ relating to ~~their respective areas of responsibility~~**research, innovation and competitiveness**.

Article 14

ECF Stakeholders Board

1. An ECF Stakeholders Board is established.

2. The members of the ECF Stakeholders Board shall be appointed by the Commission, following a transparent process and an open call for nominations or for expressions of interest, or both, whichever the Commission finds more appropriate, and taking into account the need for sectoral balance with particular attention to strategic sectors, to organisation type, including private investors, representatives from the industry, research and innovation experts such as academia, and to size, including SME representatives, expertise, gender, age and geographical distribution. The term of members of the Board shall be limited to four years, renewable once. Members of the Board shall act with integrity and probity.

3. The Commission shall establish the detailed rules on selection and composition, remuneration, rules of procedure, conflicts of interest and confidentiality for the ECF Stakeholders Board. Members of the Board shall be bound by these terms.

4. The ECF Stakeholders Board, informed by an observatory on emerging technologies, shall advise on the overall direction for the ECF by providing advice on:

(a) long-term competitiveness trends, advise on areas of market failures and suboptimal investment situations that could be addressed in the implementation of the ECF;

(b) the identification of strategic portfolios of projects within and across activities of the ECF, for which it may be composed in different policy-oriented configurations.

4a. The advice provided by the ECF Stakeholders Board shall be shared with the ECF General Committee referred to in Article 13b.

Article 14a

Thematic platforms

The Commission shall make available collaborative thematic platforms to ensure that stakeholders are consulted in the development of the work programmes. This may include cross-thematic consultation to ensure coherence between work programmes on issues of horizontal nature, notably on SMEs.

Article 14b

ECF InvestEU Instrument Investment Committee

5. A fully independent Investment Committee shall be established under the ECF InvestEU Instrument (the 'Investment Committee').

6. The Investment Committee shall meet in different configurations, corresponding to the policy windows laid down in Article 1, paragraph 2. The composition of each configuration shall ensure the representation of a broad expertise in the economic and technological sectors concerned by the specific policy window, as well as in the geographic markets in the Union and the global value chains. The composition of the Investment Committee shall be gender-balanced. The Investment Committee shall perform their duties impartially and in the sole interest of the Competitiveness Fund. The members of the Investment Committee shall not seek or take instructions from the implementing partners, the institutions of the Union, the Member States, or any other public or private body.

7. The Investment Committee shall examine the proposals for financing and investment operations**, which may take the form of framework operations,** submitted by implementing partners for coverage under the ~~Union guarantee~~**ECF InvestEU Instrument** and verify ~~the~~**their** compliance with the applicable rules ~~of the proposals for financing~~ under the ECF InvestEU Instrument~~. The Investment Committee shall give particular attention to~~ **and with** the requirements set out in point (a), (b) and (d) ~~in~~**of** Article 212(2) of the Financial Regulation. In its examination, the Investment Committee shall take into

account the objectives set out in Article 3 **and the investment guidelines. Following its examination, the Investment Committee shall decide on the approval of the proposed financing and investment operations for coverage under the ECF InvestEU Instrument.** ~~.~~

7a. The Commission shall establish the detailed rules on selection and composition, remuneration, rules of procedure, conflicts of interest and confidentiality for the Investment Committee.

Article 14c

ECF InvestEU Instrument Advisory Board

7aa. An ECF InvestEU Instrument Advisory Board shall be established (the 'Advisory Board').

8. The Advisory Board shall be composed of one representative of each implementing partner and one representative of each Member State. The Advisory Board shall provide advice on the design of financial products, including the Scaleup Facility, and on the strategic and operational direction in its area of competence ensuring alignment with Union industrial and competitiveness priorities**, taking into account information provided by the Commission on the implementation of the ECF InvestEU Instrument, including private capital mobilisation**. It shall also provide advice on the coordination with the EIC to ensure complementarity with other Union funding or private investments. The Advisory Board shall be chaired by a representative of the Commission. The representative of the EIB Group shall be the vice-chair.

9. The Commission shall establish the detailed rules on composition, rules of procedure, including on conflicts of interest and confidentiality, for the Advisory Board.

10. The Commission shall establish regular Policy Review Dialogues with each implementing partner to discuss progress with the implementation of the financial products and engage on relevant policy developments.

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Chapter II

ECF TOOLBOX

SECTION 1

GRANTS, PROCUREMENT AND INDUSTRIAL POLICY COORDINATION TOOLS

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Article 15

Work Programmes

1. The work programmes shall set out:

(a) actions and associated budget from ECF as well as actions set out in the specific dedicated part of the work programmes indicated in paragraph 2;

(b) instruments and form of funding;

(c) eligibility and, where applicable, award criteria;

(d) a single co-financing rate per action for actual cost grants;

(e) actions to which the Mutual Insurance Mechanism under Regulation (EU) [XXX] [Horizon Europe] applies;

(f) rules applicable to actions concerning more than one specific objective;

(g) actions to which specific rules apply, in particular on ownership, exploitation and dissemination, transfer and licensing as well as access rights to results;

(h) actions which benefit from the mechanisms set out in Article 20 and the reasons justifying the application of such mechanism;

(ha) where applicable, the possibility to award a Competitiveness Seal as referred to in Article 8, and additional conditions if any;

(hb) where applicable, the use of industrial policy coordination tools as referred to in Articles 16 to 19 of this Regulation, including rules for using those tools in the specific situations;

(hc) where applicable, the specific exceptional and duly justified cases under Article 20(2), points (a), (b) and (c).

1a. The Commission shall, by means of implementing acts, adopt the work programmes implementing the specific objectives referred to in Article 3(2) and the horizontal activities referred to in Chapter III. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

2. The work programmes under paragraph 1a shall integrate in a specific dedicated part the collaborative research and innovation activities referred to Article 15 (3) of [Horizon Europe], and their dedicated budget.

2a. The work programmes under this Regulation shall describe in a specific dedicated part how they aim to support SMEs, including taking into account Article 29 and its tailor-made measures to ensure effective participation of SMEs.

6. On duly justified imperative grounds of urgency relating to the need for an immediate reaction to a crisis or other similar exceptional and duly substantiated emergencies, the Commission may adopt a work programme by means of immediately applicable implementing acts in accordance with the procedure referred to in Article 83(4).

Article 16

Single Market value chains builder

1. In order to foster resilient Union value chains and reinforce the Single Market, the work programmes may for strategic sectors include dedicated value-chains scale up competitive calls that can contribute to the Union's resilience and economic security by strengthening and safeguarding critical Union value chains and diversifying sources of supply.

1a. Single Market Value Chains builder calls shall support both project preparation and crowding in of additional public and, in particular, private capital to integrate suppliers, manufacturers, and innovators from different Member States and diversify sources of supply.

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1b. **The work programme may provide for dedicated calls targeting SMEs or include specific measures to facilitate the participation of SMEs in the consortia, with a view to strengthening cross-border cooperation and broadening participation across the Union. Proposals submitted under such calls shall be assessed on the basis of the criteria set out in Article 9a(1).**

Article 17

EU Tech frontrunners

1. The work programmes may include dedicated two-stage bottom-up award procedures to identify and support EU Tech frontrunners through industry-driven consortia, leveraging on their role as innovation and export drivers to strengthen their global competitive position along with their European SME partners and suppliers through investments in new solutions and identification of relevant partners. Project preparation as well as crowding in of additional public and, in particular, private capital may be supported.

2. At the first stage, an open, competitive and transparent call for expression of interest for goods, works or services that might contribute to Union competitiveness in general, or in a specified sector, may be published without specification of the kind of activities or the instrument of budget implementation to be used.

3. At the second stage, analysis and crowding in of additional public and private capital shall be supported.

4. Proposals and offers shall be evaluated and ranked based on common award criteria in accordance with Article 9a.

5. The evaluation committee shall determine the most appropriate instrument of budget implementation, as well as propose the maximum amount and form of the Union contribution.

Article 18

Production Ramp up actions

1. Pursuant to Article 196(2)(a) of the Financial Regulation, financial contributions may in duly justified exceptional cases, where necessary for the implementation of manufacturing

projects essential to support the Union's resilience as referred to in Article 3(1)(b), or activities required to ensure the security, resilience or service continuity to support the objectives referred to in Article 3(2), point (d), cover actions that started up to ~~[12]~~**9** months prior to the date of the submission of the proposal for those actions.

2. The work programme or the documents related to the award procedure shall set out specific conditions to ensure that the support is necessary and proportionate, **ensures additionality of financing** excluding overcompensation and double funding, is temporary ~~and~~**,** decreases over time **and follows competitive and impact-oriented award procedures**.

Article 19

[Top Ups for IPCEIs]

1. [The ECF may support:

(a) projects directly participating in an Important Project of Common European Interest (IPCEI) approved by the Commission pursuant to Article 107(3), point (b), of the TFEU;

(b) the follow-on projects based on results from IPCEIs, conditional on significant private investments.

2. Any support of the ECF for IPCEI referred to in paragraph 1, shall be conditional on national co-funding.]

Article 20

Accelerated and Targeted Actions for Competitiveness

1. [In order to create or facilitate the possibility of Union support to actions of imperative public interest or critical time-sensitivity, which could otherwise not be effectively implemented under the normal rules applicable to the Union budget or sectoral policies, the work programmes may identify certain award procedures, under direct or indirect management, that may benefit from certain additions, exceptions, and derogations from applicable law, during the award procedure or implementation of the supported activities, under all of the following the conditions:

(a) the action is necessary and appropriate to achieve the objectives of the action in line with the general or specific objectives of the programme;

(b) the action is duly justified by an imperative public interest, and/or is of a time-sensitive nature, or both;

(c) the action cannot otherwise be effectively implemented under the normal rules applicable to award procedures.]

2. In accordance with paragraph 1, one or more of the following measures may be applied to an award procedure:

(a) For grants, without prejudice to the use of competitive procedures wherever appropriate in line with Article 192(1) and in addition to Article 198 of Regulation (EU, Euratom) 2024/2509, the work programme may in exceptional and duly justified cases specify that an award procedure takes the form of a targeted intervention to:

(1) identify an action of **justified** imperative public interest of the Union and the beneficiaries or categories of beneficiaries which may be invited to submit a proposal without a call; or,

(2) set out an amount up to which proposals may be identified and invited that have been awarded a seal referred to in Article 8 of this Regulation but have not received Union funding due to lack of budget. The applicants may be invited to resubmit their proposal without a call; where the proposal is resubmitted without substantial change, the granting authority may decide to fully rely on the prior positive evaluation and any previously conducted controls and submitted supporting documents. The reasons for the award of the individual action shall be duly substantiated in the award decision and the list of actions shall be published in the Annual Activity Report referred to in Article 74(9) of Regulation (EU, Euratom) 2024/2509; or,

(3) specify an action and beneficiaries, or a policy area and categories of beneficiaries, and set out an amount up to which proposals may be invited for extension of actions under the ECF or other Union programmes, in order to continue or add additional activities or entities, or to further develop results.

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Where actions and beneficiaries are not individually identified in the work programme, the reasons for the award of the individual action shall be duly substantiated in the award decision and the list of actions shall be published in the Annual Activity Report referred to in Article 74(9) of Regulation (EU, Euratom) 2024/2509. The award may take the form of an amendment to the original action by adding new activities and increasing the maximum Union contribution.

(b) By way of derogation from Articles 199, 201, 203 regarding grants or from Article 170(1), points (b) and (c), and (2) regarding procurement, of Regulation (EU, Euratom) 2024/2509, the work programme may in exceptional and duly justified cases specify that an award procedure takes the form of an accelerated intervention to:

(1) limit the requirements for the award decision and signature of legal commitments to a preliminary evaluation of award and exclusion criteria. In such a case, the award decision shall be taken based solely on a self-declaration of applicants and tenderers on selection and eligibility criteria without request for corresponding supporting documents during pre-evaluation; the final evaluation, including for selection and eligibility criteria, and the requests for any relevant supporting documents shall be conducted within three months of the signature of the legal commitment; and,

(2) require the notification of the results of the preliminary evaluation to the applicants or tenderers within 30 calendar days of the deadline for submission of proposals or tenders. The award decision shall be taken within 60 calendar days of the deadline for submission of proposals or tenders and shall be exempted, where applicable, from the procedures set out in Article 83.
No prefinancing shall be paid until the completion of the final evaluation.

(c) By way of derogation from Article 9 of this Regulation, the work programme may in exceptional and duly justified cases specify that an award procedure takes the form of an inducement intervention to allow for a temporary and conditional waiver of compliance with a specified part of the eligibility criteria during the award procedure and parts of the implementation of the action, in particular regarding the place of

establishment. Compliance with the temporarily waived eligibility criteria shall instead be achieved and evaluated during the implementation of the action within a timeframe specified in the legal commitment. If the temporarily waived eligibility criteria are not complied with at the specified date, the action shall be considered ineligible in its entirety and any Union funding shall be fully recovered; for inducement interventions no pre-financing shall be paid.

(d) The work programme may set up special two-stage bottom-up award procedures in accordance with the following rules:.

(1) during the first stage, a call for expression of interest may be launched without specification of the kind of activities or the instrument of budget implementation to be used, to enable applicants, tenderers and pillar-assessed entities to submit project proposals or offers for goods, works or services that might contribute to Union competitiveness in general or in a specified sector.

(2) proposals and offers shall be evaluated and ranked based on common award criteria in accordance with Article 9a. The evaluation committee shall determine the most appropriate instrument of budget implementation under direct or indirect management, in particular grant, procurement, non-financial donations, contribution agreements or other support, as well as propose the maximum amount and form of the Union contribution.

(3) during the second stage, within the available budget, successfully evaluated projects or offers shall be invited to adjust and complete their proposal or offer in accordance with the conclusions of the evaluation committee. The award procedure shall otherwise proceed in accordance with the rules set out in Article 12, as applicable to the respective instrument of budget implementation.

2a. **Award procedures carried out under this Article shall remain exceptional and shall not account for the predominant share of the budget allocated under a given work programme.**

3. In accordance with paragraph 1, for actions which require the planning, construction and operation of facilities funded under award procedures, the work programme may determine that, depending on the nature of the action, it is of public interest and may be of imperative

reason of overriding public interest within the meaning of Article 6(4) and Article 16(1), point (c), of Council Directive 92/43/EEC and Article 4(7) of Directive 2000/60/EC of the European Parliament and of the Council, in the interest of defence within the meaning of Article 2(3) of Regulation (EC) No 1907/2006 of the European Parliament and of the Council, and in the interests of public health and safety within the meaning of Article 9(1), point (a) of Directive 2009/147/EC of the European Parliament and of the Council, in accordance with and under the conditions set out in applicable legislation such as the Net Zero Industry Act (Regulation 2024/1735), the Critical Raw Materials Act (Regulation 2024/1252), RED III (Directive 2023/2413), or the Defence Readiness Omnibus (COM(2022)349) provided that the remaining other conditions set out in these provisions are fulfilled.

SECTION 2

ECF INVESTEU INSTRUMENT

Article 21

General Framework

1. As a horizontal delivery tool for Union internal policies, the ECF InvestEU Instrument shall contain the budgetary guarantee and financial instruments as defined in Article 2, numbers (9) and (30), of Regulation (EU, Euratom) 2024/2509 , including when combined with non-repayable support in a blending operation, for the purpose of contributing to the general and specific objectives set out in Article 3, and may be implemented in synergy with other Union or national activities, including through compartments for Member States.

2. The ECF InvestEU Instrument shall address market failures or suboptimal investment situations. The ECF InvestEU Instrument may in particular provide support through implementing partners to loans, guarantees, counter-guarantees, capital market instruments, any other form of funding or credit enhancement, including subordinated debt, or equity or quasi-equity investments, provided directly or indirectly through financial intermediaries, funds, investment platforms or other vehicles to be channelled to final recipients.

3. [The maximum amount of the budgetary guarantee under the EU Compartment of the ECF InvestEU Instrument shall be EUR 70 000 000 000 in current prices.] It shall be provisioned at the rate of 50 %.

3a. [X] % of the EU guarantee under the EU compartment shall be granted to the EIB Group.

4. Support through the ECF InvestEU Instrument shall be a favoured means of implementation under the ECF. [The minimum amount of the Union support from ECF delivered through ECF InvestEU Instrument shall be EUR 17 000 000 000, to be used in support of the general and specific objectives set out in Article 3.] This minimum amount shall be further increased by a portion of the contributions from the indicative amounts for the four policy windows in Article 4 through the work programmes set out in Article 15 and other Union programmes. The contributions shall be **at least [Y] % of the combined allocations to policy windows referred to in Article 4(2)(b) to (e) and shall be utilized for the relevant specific objectives of the respective policy windows set out in Article 3(2). The contributions shall be** used for provisioning of the budgetary guarantee or financing of the financial instruments, including those of the Scaleup Facility.

5. The Commission is empowered to adopt investment guidelines as delegated acts in accordance with Article 84 in order to supplement this Regulation by defining in more detail the scope of intervention in support of the general and specific objectives set out in Article 3. The investment guidelines shall be prepared in close dialogue with the EIB Group and other potential implementing partners. The investment guidelines shall incentivise implementing partners to higher risk-taking.

6. The following rules shall apply to the provisioning referred to in paragraph 3:

(a) the provisioning rate shall be assessed every year, taking into account the portfolio risk, and in accordance with the assessment referred to in Article 41(5) of Regulation (EU, Euratom) 2024/2509;

(b) for the purpose of support under other Union programmes referred to in Article 23(2) the provisioning shall be made from that other Union programme;

(c) the provisioning shall be committed until 31 December 2034 and shall take into account the progress in granting the budgetary guarantee under the ECF InvestEU Instrument.

(d) in accordance with Article 214(2) of Regulation (EU, Euratom) 2024/2509, the provisioning shall be constituted until 31 December 2037 and shall take into account the progress in the approval and signature of the financing and investment operations.

7. The Commission is empowered to adopt delegated acts in accordance with Article 84 to amend paragraph 3 to adjust the provisioning rate and to adjust the maximum amount of the budgetary guarantee with up to 20% of that amount in light of the economic and financial circumstances.

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Article 22

Scaleup Facility

2. The Commission shall develop a Scaleup Facility in cooperation with the EIB Group, other international financial institutions and National Promotional Banks. It shall be implemented by implementing partners.

2a. It shall ensure that high-potential European scaleups developing or deploying innovative solutions can access the capital and resources to grow in the Union, thus strengthening the integration of the Single Market and the Savings and Investment Union.

2b. The Facility shall provide, in a coordinated and consistent manner, a comprehensive set of financing tools tailored to the unique needs of scaleups, including indirect and direct equity and quasi-equity, venture debt, loans, guarantees and blending operations, with a view to attract private investors in supporting scale up financing and facilitate exit options, and shall prioritise investments that enable industrial scale-up and simplified access for SMEs and small mid-caps.

3. The Facility shall intervene where market investors cannot provide sufficient financing for European scaleups, including if needed to protect the Union's strategic assets, interests, autonomy or economic security.

4. It will leverage public investment to catalyse substantial private and institutional capital flows, such as from private equity funds, corporates, pension funds, insurance companies, and other long-term investors, thus deepening Europe’s capital markets and fostering sustainable growth of scaleups.

Article 23

Exclusivity clause

1. During the period of the MFF 2028-2034, budgetary guarantees, financial instruments, or financial instruments directly implemented by the Commission in accordance with Article 219 of Regulation (EU, Euratom) 2024/2509 to support policy objectives on the territory of the Union shall solely be established under this Section.

2. [The budgetary guarantee, within its maximum amount referred to in Article 21(3), and financial instruments, including when combined with non-repayable support in a blending operation, may be used to provide support under other Union programmes, including the EU ETS Innovation Fund and other Union programmes financed from sources other than the Union budget, in accordance with the objectives set out in those programmes.]

Article 24

EU Compartment and Member States Compartment

1. The ECF InvestEU Instrument shall consist of an EU Compartment and a Member State Compartment. Where appropriate, these compartments may be used in a complementary manner, including through a combination of resources in a layered structure to achieve better risk coverage and to ensure a more efficient use of Union and national resources ~~and guarantees~~. In the layered structure of the instrument, the ~~first loss tranche shall be covered by~~**resources from** the Member State **compartment shall be subordinated to the resources from the EU compartment**.

2. Specific contributions to the ECF InvestEU Instrument under Article 5(1) may be made in accordance with Articles 211(2) and 221(2) of Regulation (EU, Euratom) 2024/2509. Specific contributions to the budgetary guarantee under the ECF InvestEU Instrument shall result in an additional amount of the budgetary guarantee referred to in Article 21(3).

2a. The Member State Compartment shall address specific market failures or suboptimal investment situations in one or several regions or Member States.

Article 25

Community of implementing partners

1. The ECF InvestEU Instrument will be implemented by partners in an open architecture model, including international financial institutions, the national promotional banks and institutions, while acknowledging the special role of the EIB Group. **The implementation of the ECF InvestEU Instrument shall build on the existing community of the InvestEU Programme pillar assessed implementing partners and it shall, to the extent possible, build on existing contractual arrangements, relevant financial products, guarantee agreements, templates for legal and contractual arrangements, as well as established monitoring and reporting tools.**

2. By way of derogation from Article 211(5) of Regulation (EU, Euratom) 2024/2509, and subject to Article 12 of this Regulation, the implementation of a budgetary guarantee or financial instrument, including when combined with non-repayable support in a blending operation, may be entrusted to any entity referred to in Article 62(1), first subparagraph, point (c), of Regulation (EU, Euratom) 2024/2509.

~~3.~~ ~~In exceptional cases and in addition to entities referred to in Article 62(1), first subparagraph, point (c), and Article 211(5) of Regulation (EU Euratom) 2024/2029, bodies established in a Member State, governed by the private law of a Member State or Union law may also be entrusted with the implementation of a budgetary guarantee or financial instrument, including when such budgetary guarantee or financial instrument is combined with non-repayable support in a blending operation, provided that such bodies:~~

~~(a) receive a prior positive pillar assessment;~~

~~(b) are provided with adequate financial guarantees which may be, for each action, limited to the maximum amount of the Union support;~~

~~(c) are selected with due account to the nature of the financial instrument or budgetary guarantee to be implemented, the experience and the financial and operational capacity, and their rules and procedures for verifying the economic viability of projects of final recipients, and~~

~~(d) are selected on a transparent, justified objective grounds and their selection shall not give rise to a conflict of interests.~~

Chapter III
Horizontal activities

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Article 26

ECF Project Advisory

1. The ECF Project Advisory shall be made available for repayable and non-repayable instruments. Actions and activities supported under this chapter shall contribute to the general objectives set out in Article 3(1) and shall support and complement, where relevant, activities under Chapters IV, V, VI and VII.

2. A centralised access to specialised advisory and business acceleration services shall be provided, which may include:

(a) investment advisory services, including market development activities in strategic sectors and advisory support for the identification, preparation, development, structuring, procuring and implementation of investment projects;

(aa) enhancing the capacity of project promoters and financial intermediaries to implement financing and investment operations and improve the understanding and use of financial instruments to exploit their full potential. Such support may cover any stage of the life cycle of a project or financing of a supported entity;

(b) specialised advisory and business acceleration services targeting project promoters as well as companies in strategic sectors, including SMEs and small mid-cap companies, startups and scaleups, especially those developing or deploying innovative solutions, supporting and facilitating their access to ECF funding and financing, fostering synergies with other funding sources, and facilitating matchmaking with private investors and promoting understanding of the opportunities offered by capital market based financing;

(ba) support for the generation of project pipelines and the preparation of potential investment projects under the ECF InvestEU Instrument and facilitate their subsequent development.

3. The ECF Project Advisory shall, where appropriate, cooperate with industrial alliances and European clusters or other relevant European groupings and networks. It shall be available under each policy window, covering all relevant sectors, and may also provide support for cross-cutting actions and general objectives.

4. The Commission may conclude advisory agreements with advisory partners and service providers in line with the needs of each policy windows. The Commission and the advisory partners, namely the EIB Group, international financial institutions and national promotional banks and institutions, shall cooperate closely with a view to ensuring efficiency, synergies and effective geographic coverage across the Union, while taking account of existing structures and work.

5. Irrespective of the instrument of budget implementation for the acquisition or provision of advisory services, providers and recipients of the services shall be selected in accordance with the principles of transparency and equal treatment, avoidance of conflict of interest, including conflicting professional interests.

6. When implementing the ECF Project Advisory, the Commission, its advisory partners and other service providers shall, when appropriate, collaborate with other Union or national public or private advisory and support service providers, including the EU for Business Network.

Article 27

EU for Business Network

1. The "EU for Business" Network shall be established.

1a. The objective of the Network is to help Union businesses become more competitive and innovate, grow and scale in the Single Market and beyond, with a particular emphasis on SMEs, startups, scaleups and small mid-cap companies.

1b. The Network shall have a Union-wide and geographically balanced coverage, taking into account the specificities of all Member States and types of regions in the Union, including the less developed regions, transition regions, insular areas and the Union outermost regions.

1c. The activities of the Network may include business support measures as laid out in Article 28.

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Article 28

Business support

1. The ECF shall conduct cross-cutting activities focused on strengthening the competitiveness of the SMEs and achieve additionality at Union level, taking into account existing or new structures and work across Member States, including through the following measures:

(a) provision of integrated business advice and support to companies, including through financial support to third parties;

(b) provision of partnering opportunities and capacity building, including **capacity building for national contact points and facilitation of their networking** to improve effective participation in the ECF;

(c) support and assistance for access to technologies, technology infrastructure and facilities, support for market uptake of innovation and support for business organisations, SMEs and small mid-cap companies, including startups and scaleups, to participate in collaborative platforms and sectors;

(d) promoting business understanding of Union policies, as well as obtaining feedback on their effectiveness;

(e) increasing the access and the availability of finance in particular for SMEs as a priority, while also including micro-finance and support to social enterprises, as well as for small mid-cap companies;

(f) facilitation access to markets including through support to the internationalisation of SMEs and provision of market intelligence, including in less developed regions, transition regions, insular areas and outermost regions;

(g) improving the business environment for SMEs and promote new business opportunities for SMEs by supporting among others intellectual property valorisation, standard setting and public procurement;

(h) promoting entrepreneurship, including women and youth entrepreneurship and the acquisition of entrepreneurial and business skills.

Article 29

Dedicated SME Actions to increase SME participation

Each **ECF policy** window shall support dedicated~~, sector-specific~~ **SME** actions ~~targeting SMEs and startups or tailor-made calls for SMEs in strategic sectors with a view to fostering innovation, business acceleration, commercialisation and scaling-up. These actions may provide for tailored eligibility criteria and conditions aimed at ensuring~~**to ensure** effective ~~SME~~**and meaningful** participation~~.~~ **of SMEs in each work programme, notably through:**

(a) **tailor-made measures to enhance SME participation across calls ensuring that eligibility criteria and conditions are designed to lower barriers to entry and increase SME participation;**

(b) **SME-only actions for SMEs in strategic sectors with a view to fostering innovation, business acceleration, commercialisation and scaling-up;**

(c) **actions under the industrial policy coordination tools of the ECF, with additional SME support measures to ensure an effective and meaningful participation of SMEs, namely under Articles 16, 17 and 19;**

(d) **dedicated contribution to budgetary guarantee and/or financial instruments for SMEs under the ECF InvestEU Instrument.**

Article 30

Support for skills development

The ECF shall finance activities in support of skills development, in particular in the strategic sectors, building strong links between higher education, vocational education and training providers, applied research and businesses for an agile, innovative and competitive economy. This shall include support for a European Skills Guarantee to support value chain transitions in favour of strategic growth sectors or occupations across the labour market through skills intelligence, upskilling and reskilling of the workforce and Vocational Education and Training (VET)

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partnerships to strengthen cooperation between VET providers and businesses, especially SMEs and connecting them with regional industrial ecosystems.

Article 31

Access to Union funding

1. [In accordance with Article 150 of Regulation (EU, Euratom) 2024/2509, the ECF shall contribute to the maintenance and extension of the single electronic data interchange area for participants to ensure simplified access to Union funding. That contribution shall be irrespective of the mode or instrument of budget implementation and including advisory and business acceleration services and support to a single gateway for access to Union support in accordance with Regulation (EU) [XXX] [Performance Regulation].]

2. The ECF may support any additional activities to facilitate and accelerate access to Union funding, and other funding, financing and investments, as well as to ensure valorisation and uptake of results through tools and instruments such as proof of concept, deployment grants, advisory and business support services, and any dedicated platform.

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CHAPTER VI
SUPPORT FOR DIGITAL LEADERSHIP

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Article 38

Specific provisions for support to digital leadership policy

1. Actions supported under this chapter shall contribute to the general objectives set out in Article 3(1) and the specific objectives set out in Article 3(2), point (c).

2. Support for actions under this chapter shall be financed from the budget set out in Article 4(2), point (d), and any additional contributions assigned in accordance with Article 5.

Article 39

Specific activities to support digital leadership policy

2. Support for Digital Leadership shall be implemented in particular through the following activities:

(a) Developing and shaping sustainable core digital technologies, products and services that reflect Union values, including by research and innovation, applied research, technology transfer, industrial deployment, and market uptake.

(b) Building attractive, competitive, secure and resilient digital ecosystems including for disruptive innovative companies, SMEs, startups and scaleups, as well as emerging industry leaders in the digital sector to remain, grow and thrive within the Union, supporting them in scaling up, expanding their markets, including through procurement and standardisation, as well as strengthening the security of supply of advanced digital technologies and services by supporting needed capacities, including production capacity, and advanced digital skills.

(c) Deploying state-of-the-art, secure and sustainable digital applications, infrastructures and services across the Union, with cybersecurity-by-design and cybersecurity-by-default principles embedded throughout their lifecycle, including through actions to research and innovate, develop, produce, manufacture, build, modernise, complete or deploy advanced digital infrastructures, trans-European digital networks and secure

and interoperable digital public infrastructure at scale and across borders that act as key enablers of the digital transformation that support societal resilience and preparedness, bringing clear added-value to businesses, public services and citizens. Where relevant, these actions shall be coordinated with national investments and exploit untapped potential to create a domestic market for advanced digital technologies in accordance with Article 10.

(d) Supporting the Union's digital transformation of public and private sectors, including cross-border interoperability and integration of services and the support for the development and the circulation of advanced digital skills which include cybersecurity skills, providing the necessary support to accelerating and deepening the uptake and deployment of digital solutions across the private sector with a focus on complex technologies, and to digitalisation of the public sector including ensuring cohesive Union-wide interoperable digital public services maximising efficiency for businesses and citizens.

(e) Support actions for the development, implementation, monitoring and enforcement of relevant Union legislation and policy. This includes supporting the relevant institutions, the coordination and cooperation between national authorities and with stakeholders, **capacity building, including the capacity building of national contact points, conducting** studies, the development and deployment of tools and infrastructures, including IT infrastructure and tools.

3. Activities under this Chapter shall support the development, innovation, deployment, and procurement of advanced cybersecurity capacities, infrastructures, products, services, technologies and capabilities, with a view to strengthen the European cybersecurity ecosystem and to ensure the resilience and security of critical infrastructures, digital supply chains, as well as to further strengthen Union cybersecurity preparedness and situational awareness of the threat landscape and to improve detection capacities and incident response capabilities. These activities shall also support the competitiveness of the Union cybersecurity industrial base, cybersecurity skills development and improve the cyber maturity of the European industrial basis, including SMEs.

4. Work programmes adopted in accordance with the rules of this Regulation under this chapter shall integrate in a specific dedicated part and ensure coherence with

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Competitiveness and Society activities under the Regulation (EU) [XXX] [Horizon Europe Framework programme for Research and Innovation.

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CHAPTER VII
SUPPORT FOR RESILIENCE AND SECURITY, DEFENCE INDUSTRY AND SPACE

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Article 40

Specific activities to support resilience, security, defence industry and space

1. Actions supported under this Chapter shall contribute to the general objectives set out in Article 3(1) and the specific objectives set out in Article 3(2), point (d).

2. Support for actions under this Chapter shall be financed from the budget set out in Article 4(2), point (e), and any additional contributions assigned in accordance with Article 5.

Article 41

Space and defence synergies

A Space and Defence Advisory Board is set up and may ~~advice~~**advise** the Commission on the coordination, coherence and complementarity between space activities and defence industry activities as laid down **in** Article 3(2)(d), sub-points (2) and (3), on priorities and on related financial tools to increase efficiency of investments and effectiveness of results. The members of the Advisory Board shall be appointed by Member States **and the Board shall adopt its own rules of procedure**.

SECTION 3
SPACE SYSTEMS AND SPACE POLICY IMPLEMENTATION

Article 57

Specific provisions

1. Activities supported under this section shall contribute to the general objectives set out in Article 3(1) and the specific objectives set out in Article 3(2), point (d), point (3).

2. Support for activities under this section shall be financed from the budget set out in Article 4(2), point (e), and any additional contributions assigned in accordance with Article 5.

Article 58

Components

1. The Union space systems and space policy shall be implemented through the following components:

(a) Positioning, Navigation and Timing (PNT), consisting of Galileo and the European Geostationary Navigation Overlay Service (EGNOS) sub-components;

(b) Earth Observation (EO), consisting of Copernicus and the Earth Observation Governmental Service (EOGS) sub-components;

(c) Secure Connectivity, consisting of **the** Governmental Satellite Communication (GOVSATCOM) **sub-component and the**~~and~~ Infrastructure for Resilience, Interconnectivity and Security by Satellite (IRIS²) ~~sub-components~~**sub-component**;

(d) Space Situational Awareness (SSA)~~, the comprehensive knowledge and understanding of the main space hazards~~, consisting of Space Surveillance and Tracking (SST), Space Weather Events (SWE), and Near-Earth Objects (NEO) sub-components;

(e) Access to space;

(f) Space commercialisation and space economy;

(g) Technological sovereignty, research and innovation for space activities.

1a. Work programmes for the implementation of the components **or sub-components** under this Section shall integrate collaborative research and innovation activities and their dedicated budget in a specific dedicated part. That specific dedicated part shall ensure coherence with the Competitiveness and Society activities supported under the Regulation (EU) [XXX][Framework programme Horizon Europe] and shall take into account the specific rules under this Section.

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Article 59

Positioning, Navigation and Timing (PNT)

1. The PNT component (Galileo and EGNOS sub-components) shall provide long-term, state-of-the-art, reliable and secure positioning, navigation and timing services without interruption over their defined service areas, including in adverse conditions, and be able to support the Union's policy priorities.

1a. Galileo is an autonomous civil global navigation satellite system (GNSS) under civilian control, which consists of a constellation of satellites, centres and a global network of ground stations**, providing positioning, navigation and timing services and taking into account security needs and requirements**. EGNOS is a civil regional satellite navigation system under civilian control, which consists of centres and stations on the ground and several transponders installed on geosynchronous satellites, which augments and corrects the open signals emitted by GNSS.

2. The activities of the PNT component shall include:

(a) the management, operation, maintenance, continuous improvement and protection of space and ground infrastructure and services provided;

(b) the evolution of the PNT services and the development and deployment of future generations of the existing systems as well as additional activities, including satellites in Low Earth Orbits (LEO-PNT), taking into account user needs;

(c) the research and development activities supporting the modernization of the infrastructure ('upstream R and D') and the development of applications, user technology, including for governmental use, standardisation and certification ('downstream R and D');

(d) the cooperation with other regional or global satellite navigation systems, including to facilitate compatibility and interoperability, contributing to the role of the Union as a global actor in the space sector, to encourage international cooperation, and to support European space diplomacy.

3. The services provided by the Union's PNT component shall in particular cover:

(a) an open service (OS) for use free of charge by any user;

(b) a high-accuracy service (HAS) for users requiring higher performance than the OS;

(c) authentication services including Galileo open service navigation message authentication (OSNMA), Galileo signal authentication service (SAS), and other open service ranging authentication capabilities (OS-RA);

(d) a public regulated service (PRS) restricted to government-authorised users;

(e) a multi-hazard emergency warning satellite service (EWSS);

(f) a timing service (TS);

(g) a space service volume (SSV) for use by operators of space assets;

(h) global stand-alone search and rescue services (SAR), including potentially for ~~government-authorised~~**authorised governmental** users, integrating return communication capabilities to support rescue operation;

(i) safety of life services (SoL) for users for whom safety is essential, including civil aviation, maritime, and other transport applications;

(j) data dissemination services (DDS);

(k) radio-frequency interference alert service~~ for the~~**, accessible to** authorised **governmental users and** user communities ~~of~~**covered by the access policies referred to in paragraph 5, covering all** the services provided by all components in this Section**, including information made available by the Member States on a voluntary basis**;

(l) a contribution to complementary PNT services, including terrestrial, which shall increase the resilience in case of disruptions to the services provided by the PNT component.

4. ~~PRS~~**The services referred to in paragraph 3** shall be free of charge for the Member States, the Council, the Commission, EEAS and, where appropriate, duly authorised Union agencies. **A pricing policy may be applied to other users, where provided for in the pricing policies referred to in paragraph 5.**

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~~4a.~~ ~~Other services referred to in paragraph 3 shall be free of charge for the Member States, the Council, the Commission, EEAS and relevant Union agencies, except where provided for in the pricing policies referred to in paragraph 5.~~

4b. The services of the ~~PNT component~~**EGNOS sub-component** shall be provided as a priority over the territories geographically located in Europe of all Member States and third countries participating in the ~~PNT sub-components~~**EGNOS sub-component**.

5. The Commission may adopt, by means of implementing acts, technical and operational specifications relating to PNT services, as well as access policies for services referred to in paragraph 3, including pricing policies where applicable. These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

Article 60

Earth Observation

1. The Earth Observation (EO) component shall consist of Copernicus and of the Earth Observation Governmental Service (EOGS) sub-components.

1a. Copernicus is an operational, autonomous, user-driven, civil Earth observation system under civilian control, building on the existing national and European capacities, based on a dedicated space infrastructure and operational services. It shall offer geo-information data and services based on a free, full and open data policy subject to restrictions, in particular to protect the security interests of the Union or its Member States. It shall be based on space and ground infrastructure, including data and information processing facilities and distribution infrastructure.

2. Copernicus shall also support the formulation, implementation and monitoring of the Union's and its Member States' policies in particular in the fields of environment, climate change, marine, maritime, atmosphere, agriculture and rural development, preservation of cultural heritage, civil protection, infrastructure monitoring, safety and security, as well as digital economy under the Digital Leadership window, which shall be aligned with the objectives of Copernicus.

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3. Copernicus shall promote the international coordination of Earth observation systems and related exchanges of data in order to strengthen its global dimension and complementarity taking account of international agreements and coordination processes.

4. 'Copernicus core users' are the Union institutions and bodies and European, national or regional public bodies in the Union or associated third countries entrusted with a public service mission for the definition, implementation, enforcement or monitoring of civilian public policies, such as environmental, civil protection, safety, including safety of infrastructure, or security policies, which benefit from Copernicus data and Copernicus information and have the additional role of driving the evolution of Copernicus.

4a. A Copernicus User Forum is set up to advise a dedicated ~~sub-committee~~**configuration** referred to in Article 83(1), point (g), on Copernicus user needs, evolution of the services and user uptake.

5. To ensure its continuity and evolution, and meet the evolving users' needs, in particular Copernicus core users, Copernicus shall in particular be composed of:

(a) Copernicus Infrastructure, including development, deployment, and operations of the Copernicus Sentinels, next generation and expansion Sentinel missions, access to third-party space-based Earth observation data and sustained access to **harmonised** in-situ and other ancillary data, including possible contributions to and from international in-situ networks;

(b) Copernicus Services, including:

(i) environmental monitoring, reporting**, verification** and compliance assurance services**, from global to local level,** covering atmosphere monitoring ~~on a global level,~~ marine environment monitoring, land ~~monitoring~~ and agriculture **monitoring** and climate change monitoring;

(ii) emergency management service supporting civil protection and emergency response operations, and disaster prevention and preparedness;

(iii) security service to support surveillance within the Union and at its external borders, maritime surveillance and Union external action including Common Foreign and Security Policy;

(c) Copernicus data access and distribution, including adequate infrastructure and services to ensure the discovery, viewing, access to, traceability, distribution and exploitation and long-term preservation of Copernicus data and Copernicus information, ensuring that data access platforms are adapted to the needs of Copernicus core users, as well as research institutions, and companies, in particular SMEs, with user-friendly interfaces, notably in synergy with other data-related initiatives, such as the European Green Deal Data Space or Digital Twins;

(ca) Copernicus user uptake for Copernicus core users including the collection and analysis of Copernicus users' needs and capacity building through Copernicus Services**, notably through strengthened national collaboration activities that includes cross-border and cross-service activities**; market development, notably through the promotion of Copernicus data and services, and development of downstream applications to maximise socio-economic benefits.

5a. The Commission may adopt, by means of implementing acts, technical and operational specifications relating to the services referred to in paragraph 5, point (b). Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

6. The Commission may adopt delegated acts in accordance with Article 84 to supplement Copernicus data and information policy as regards the security limitations as well as the specifications, conditions and procedures for the access to and use of Copernicus data and Copernicus information.

7. EOGS is an operational, autonomous, user-driven, dual-use Earth observation system under civilian control which shall provide enhanced situational awareness in support of the policies of the Union and of the Member States in the fields of security and defence. EOGS shall be developed with a stepwise and incremental approach based on user needs. It shall ~~supplement~~**build upon and strengthen** existing capabilities provided through the European Union Satellite Centre **(SatCen)** and shall comprise a pooling and sharing mechanism of Earth observation capabilities from Member States and from private entities established in the Union subject to the eligibility and participation conditions referred to in Article 69, complemented by dedicated satellites, ground infrastructure, data and information processing facilities, and distribution infrastructure**, subject to a gap analysis**.

It shall provide secure, reliable, timely, persistent and targeted space-based Earth observation data, products and information, reinforcing existing and planned capabilities. EOGS may also provide complementary data to Copernicus Services, in particular for civil protection and security.

8. EOGS shall in particular be composed of:

(a) EOGS Infrastructure, **designed for services to authorised governmental users,** comprising:

(i) a pooling and sharing mechanism of governmental and commercial capabilities through a federation layer;

(ii) **subject to a capabilities gap analysis,** the subsequent development and operations of new Earth observation missions, including ground and space infrastructure which shall comply with the general security requirements referred to in Article 77(3)~~, designed for services to government-authorised users following a capabilities gap analysis~~; and

(iii) the~~ inclusion of~~ access to in-situ and other ancillary data.

(b) EOGS Services to ~~government-authorised~~**authorised governmental** users~~, including activities for the generation of value-added geo-spatial information for situational awareness applications in the fields of security and defence; ~~**:**

(i) **activities for the generation, procurement, production of geo-spatial intelligence products and imagery information for situational awareness applications in the fields of security and defence; and**

(ii) **the management, anonymisation and priorisation of the requests for services.**

(c) EOGS Data access**, coordination** and distribution, including infrastructure and services to ensure the access to, distribution, exploitation and long-term preservation of EOGS data and information, including classified information, in a secure manner.

9. The Commission may adopt, by means of implementing acts, technical and operational specifications and access policies, including restrictions and prioritisation, relating to

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EOGS services referred to in paragraph 8, point (b). Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

9a. Member States, the Council, the Commission and the EEAS shall be participants of EOGS Services and, where appropriate, provide satellite capacities, ground segment sites or part of the ground segment facilities, which shall comply with the general security requirements referred to in Article 77(3).

9b. Union agencies may become EOGS participants only insofar as necessary to fulfil their tasks and in accordance with detailed rules laid down in an administrative arrangement concluded between the agency concerned and the Union institution that supervises it.

9c. Without prejudice to paragraph 9b, Union agencies may have access to classified information provided they fulfill the conditions set out in Article 13(4a).

10. The participants referred to in paragraphs 9a and 9b of this Article shall authorise the users of EOGS in accordance with Article 76. Those users shall comply with the general security requirements referred to in Article 77(3). EOGS shall be provided free of charge to the following entities, when authorised as users of EOGS Services:

(a) a Union or Member State public authority or body entrusted with the exercise of public authority in the fields of security and defence;

(b) a natural or legal person acting on behalf and under the control of an entity referred to in point (a).

10a. Third countries and international organisations may become EOGS participants subject to a specific dedicated international agreement concluded in accordance with Article 218 TFEU and pursuant to Article 11(4) of this Regulation.

13. Research and development activities shall support the evolution of Copernicus and EOGS, including their services, and downstream R and D for applications and user technology for the uptake of Earth Observation services.

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Article 61

Secure Connectivity

1. The Secure Connectivity component shall consist of:

(a) the GOVSATCOM sub-component, a satellite communications service under civilian and governmental control enabling the provision of satellite communications capacities and services to Union and Member State ~~government-authorised~~**authorised governmental** users, via a sharing and pooling mechanism;

(b) the IRIS² sub-component, a multi-orbital satellite constellation providing, for ~~government-authorised~~**authorised governmental** users through the GOVSATCOM Hub, secure and resilient connectivity ~~across the Union and~~ worldwide~~, complemented by GOVSATCOM capacities~~.

1a. For the purpose of this Article, the GOVSATCOM Hub shall be an operational centre, the main function of which is to link, in a secure manner, the ~~government-authorised~~**authorised governmental** users to the providers of capacity and services, including IRIS², and thereby optimise the supply and demand at any given moment.

1b. The Secure Connectivity component shall **aim to provide services based on user needs, and shall**:

(-a) ensure the long-term availability of reliable, secure and cost-effective GOVSATCOM services to ~~government-authorised~~**authorised governmental** users.

(a) ensure the provision and long-term availability of, and uninterrupted access to, reliable, secure and cost-effective IRIS² governmental services to ~~government-authorised~~**authorised governmental** users **based on governmental infrastructure**;

(aa) enable the provision of IRIS² governmental services to authorised governmental users based on the commercial infrastructure referred to in paragraph 3(a), point (ii) through the GOVSATCOM Hub;

(b) enable the provision of IRIS² commercial services~~, including services offered to government-authorised users~~ **under the contracts referred to in paragraph 17** based on the commercial infrastructure referred to in paragraph 3(a), point (ii);

(c) via the IRIS² sub-component, ensure the development and provision of additional governmental communication services, including direct-to-device, and enable, where possible, other **commercial** communication ~~and~~**services or** non-communication services, in particular by improving activities and creating synergies between components under this Section.

(d) improve secure connectivity**, including as regards latency,** over geographical areas of strategic importance such as Africa and the Arctic as well as the Baltic, the Black Sea, Mediterranean regions and the Atlantic.

2. The GOVSATCOM and IRIS² sub-components shall include the following activities:

(-a) the procurement of governmental and commercial satellite communication capacities, services, and user equipment necessary for the pooling and sharing and provision of GOVSATCOM services, which shall be provided by:

(i) GOVSATCOM participants as referred to in paragraph 11, 12 and 13; or

(ii) legal persons duly accredited to provide satellite communication capacities or services in accordance with the security accreditation procedure referred to in Article ~~37 of~~**16 of *[EUSPA]*** Regulation (EU) ~~2021/696~~**xx/xx**[*], which shall be done in compliance with the general security requirements referred to in Article 77(3) of this Regulation.

(a) the definition, design, development, validation and related deployment activities for the necessary space and ground infrastructure required for the provision of IRIS² governmental services and for the ground infrastructure required for the provision of GOVSATCOM services;

(b) exploitation activities providing IRIS² governmental services, comprising the operation, maintenance, continuous improvement and protection of the space and ground infrastructure, including replenishment and obsolescence management **and security monitoring**;

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[*] **OJ: please insert in the text the number of the Regulation contained in file 2026/0084(COD)**

(c) the integration of **the European Quantum Communication Infrastructure (**EuroQCI**)**, once operational and accredited in accordance with Article ~~37~~**16** of the***[EUSPA]*** Regulation (EU) ~~2021/696~~**xx/xx***, into the IRIS² system **and coordination with relevant activities under Chapter VI to enable such integration**;

~~*[Moved to (-a)]*~~

(ea) research and development activities for the future generations of space and ground infrastructure, for the evolution of GOVSATCOM services and IRIS² governmental services ~~taking into account~~**addressing** user needs, for technological development, notably to ensure Union technological sovereignty, and for the uptake of secure connectivity services, including activities relating to the design, development and manufacturing of user terminals;

(eb) the purchase of services to ~~government-authorised~~**authorised governmental** users based on the commercial infrastructure, under market conditions, in order to guarantee the provision of those services to those users.

3. GOVSATCOM and IRIS² infrastructures shall ~~include~~**meet** the following requirements:

(-a) The GOVSATCOM infrastructure shall include infrastructure necessary to enable the provision of GOVSATCOM services, particularly the GOVSATCOM Hub.

(a) The IRIS² infrastructure shall be modular and consist of a governmental infrastructure and a commercial infrastructure.

(i) The IRIS² governmental infrastructure shall include all the relevant ground segments, including the relevant control centres~~, the GOVSATCOM Hub~~ and space segments which are required for the provision of the governmental services. It shall complement and build on the GOVSATCOM sub-component**, notably the GOVSATCOM Hub**.

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(ii) The IRIS² commercial infrastructure shall include all space and ground assets other than those being part of the governmental infrastructure. The commercial infrastructure shall not impair the performance or security of the governmental infrastructure. The contractors referred to in paragraph 15 shall entirely finance the commercial infrastructure and shall bear any risk related to it.

(c) The IRIS² governmental infrastructure may host additional satellite subsystems, in particular payloads, that may be used as part of the space-based infrastructure of the other components under this Section, as well as satellite subsystems used for the provision of non-communication services or capacities to Member States and may include interconnections with **Member States or other** third party satellites, provided that they comply with the general security requirements referred to in Article 77(3) **and the operational requirements referred to in paragraph 7**.

~~*[Moved to point (a)]*~~

(e) The ground and space segments referred to in this paragraph and their operations shall comply with the general security requirements referred to in Article 77(3).

4. The provision of Secure Connectivity services shall be ensured as laid down in a service portfolio referred to in paragraph 6 of this Article, and in accordance with the operational requirements referred to in paragraph 7 of this Article and with the general security requirements referred to in Article 77(3). The provision of GOVSATCOM services and IRIS² governmental services shall follow the sharing and prioritisation rules referred to paragraph 8 of this Article. **Where possible, for IRIS² service continuity purpose, the Member States shall aim to ensure coherence and complementarity of their relevant activities and interoperability of their capacities with activities under the IRIS² sub-component.**

5. Access to GOVSATCOM services and IRIS² governmental services shall be free of charge for institutional and ~~government-authorised~~**authorised governmental** users unless the Commission sets out a pricing policy in accordance with paragraph 9.

6. The Commission shall adopt, by means of implementing acts, the service portfolio for GOVSATCOM services in the form of a list of categories of satellite communication capacities and services and their attributes, and for IRIS² governmental services

comprising the technical specifications for each category of services, including services to ~~government-authorised~~**authorised governmental** users based on the IRIS² commercial infrastructure. **These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).**

7. The Commission shall adopt, by means of implementing acts, the operational requirements for GOVSATCOM services and IRIS² governmental services, ~~relating~~ in particular to **facilitate** the use of those services for crisis management, **for** situational awareness and **for** key infrastructure management, including diplomatic and defence communication networks. **These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).**

8. The rules on sharing and prioritisation of GOVSATCOM services and IRIS² governmental services shall prioritise users according to their relevance and criticality. The Commission shall adopt, by means of implementing acts, the detailed rules on the sharing and prioritisation of GOVSATCOM capacities, services, and user equipment. The Commission shall also adopt, by means of implementing acts, detailed rules on the provision of IRIS² governmental services. When drawing those acts related to GOVSATCOM and IRIS², the Commission shall take into account the expected demand for the different use-cases, the analysis of security risks for those use-cases and, where appropriate, cost-efficiency **and the needs of different end user operating environments**. **These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).**

9. When the ~~analysis of risks and~~**assessment of** expected demand ~~performed~~**carried out** by GOVSATCOM and IRIS² participants ~~concludes~~**and the market risk analysis carried out by the Commission conclude that** there is a shortage of capacities or where demand exceeds the access capacity for GOVSATCOM services or IRIS² governmental services, which may lead to a distortion of the market, the Commission may adopt, by mean of implementing acts, a pricing policy. By adopting a pricing policy, the Commission shall ensure that the provision of GOVSATCOM services and the IRIS² governmental services does not distort competition, that there is no shortage of those services and that the price identified will not result in an overcompensation for the contracts referred to in paragraph 15. **These implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).**

~~10. The implementing acts referred to in paragraphs 6 to 9 shall be adopted in accordance with the examination procedure referred to in Article 83(3).~~

11. Member States, the Council, the Commission and the EEAS shall be GOVSATCOM or IRIS² participants insofar as they authorise users in accordance with Article 76, or provide satellite communication capacities, ground segment sites or part of the ground segment facilities.

12. Union agencies may become GOVSATCOM or IRIS² participants only insofar as necessary to fulfil their tasks and in accordance with detailed rules laid down in an administrative arrangement concluded between the agency concerned and the Union institution that supervises it.

12a. Without prejudice to paragraph 12, Union agencies may have access to EUCI provided they fulfill the conditions set out in Article 13(4a).

13. Third countries and international organisations may become GOVSATCOM or IRIS² participants subject to a specific dedicated international agreement concluded in accordance with Article 218 TFEU and pursuant to Article 11(4) of this Regulation.

14. The participants referred to in paragraphs 11, 12 and 13 of this Article shall authorise the users of GOVSATCOM services and IRIS² governmental services in accordance with Article 76. Those users shall comply with the general security requirements referred to in Article 77(3). The following entities may be authorised as users of GOVSATCOM services or IRIS² governmental services:

(a) a Union or Member State public authority or a body entrusted with the exercise of public authority;

(b) a natural or legal person acting on behalf and under the control of an entity referred to in point (a).

15. IRIS² shall be implemented, in particular, through a concession contract, which shall include the allocation of risk between the Union and the contractors. **Other contacts for IRIS² further implementation may take the form of concession contracts, supply, service, or works contracts.** If the IRIS² concession contract fails, the Commission shall ensure an optimal implementation of the objectives referred to paragraph ~~1a~~**1b**, points (a)

and (d), by procuring, as appropriate, a supply, service or works contract or a mixed contract.

16. **If the contractors referred to in paragraph 15 are unable to fulfil their obligations,** the Commission shall take the necessary measures to ensure the continuity of the IRIS² governmental services ~~if the contractors referred to in paragraph 15 are unable to fulfil their obligations~~.

17. The contracts referred to in paragraph 15 shall in particular ensure that the provision of services based on the IRIS² commercial infrastructure preserves the Union's essential interests and the objectives of the sub-component. Those contracts shall also include adequate safeguards to avoid any overcompensation of the contractors referred to in paragraph 15, distortions of competition, conflicts of interest, undue discrimination or any other hidden indirect advantages. Such safeguards may include the obligation of accounting separation between the provision of IRIS² governmental services and the provision of IRIS² commercial services, including the setting up of a structurally and legally separate entity from the vertically integrated operator for the provision of governmental services, and the provision of open, fair, reasonable and non-discriminatory access to the infrastructure necessary for the provision of commercial services. The contracts shall also ensure that the conditions on eligibility referred to in Article 69 are met throughout their duration. The Commission shall require, through the concession contract **referred to in paragraph 15**, that start-ups, scale-ups, SMEs and small mid-cap companies from across the Union are able to deliver their own services to end users.

18. Where the IRIS² governmental and commercial services rely on common subsystems or interfaces to ensure synergies, the contracts referred to in this Article shall also determine which of those interfaces and common subsystems shall be part of the governmental infrastructure in order to ensure the protection of the security interests of the Union and its Member States.

19. The contractors referred to in this Article shall entirely finance the IRIS² commercial infrastructure referred to in paragraph 3(a), point (ii), in order to fulfil the objective referred to in paragraph 1, point (b).

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Article 62

Space Surveillance and Tracking

1. The SST sub-component of SSA shall in particular include:

(a) the establishment, development, deployment and operation of a network of ground-based and space-based SST sensors of the Member States, such as radars, lasers or telescopes, to be selected by architecture studies **and performance assessment for surveying and tracking**, including sensors developed through the European Space Agency **(ESA)**, of Union commercial sector, and **potentially** of Union-owned space-based sensors aiming to survey and track space objects and to produce an autonomous European catalogue of space objects;

(b) the processing and analysis of SST data in order to produce SST information and SST services referred to in paragraphs 5 and 6;

(c) the provision of the SST services referred to in paragraph 5 to the SST users referred to in paragraph 9, points (a) and (b);

(d) seeking, fostering and supporting synergies with initiatives promoting development and deployment of technologies or services for spacecraft disposal at the end of operational lifetime and of technological systems or services for the prevention of space objects collisions and the **possible** elimination of space debris;

(da) the provision of services referred to in paragraph 6 to SST governmental users referred to in paragraph 9, point (c);

(e) cooperation, including through information sharing, with international initiatives in the domain of space traffic coordination;

(f) activities necessary to support the safe and sustainable use of space;

(fa) activities related to space debris mitigation in order to reduce their generation, space debris remediation, the monitoring of launch after injection, specific services for constellations, the establishment of a marketplace for SST data, information and services, preparation of the SST system to cislunar operations, support to in-space operations and services, and to dark and quiet skies initiatives;

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(g) research and development activities supporting the evolution of the SST sub-component, including its services and data processing, as well as of commercial capabilities.

3. The SST Partnership initiated under Regulation (EU) 2021/696 shall continue to be in effect under the ECF and shall support the evolution of activities based on user needs**, including transparent mechanisms for evaluating and integrating commercial SST capabilities,** and contribute to the implementation of the activities referred to in points (a) to ~~(e)~~**(fa)** and (g) of paragraph 1, including through the provision of technical and administrative support, expertise, studies, or relevant research and innovation activities. The Commission may adopt, by means of implementing acts, rules on the participation and organisational framework of Member States in that partnership and for the inclusion at a later stage of an additional Member State in the SST Partnership. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3). **The implementation of the SST sub-component shall ensure a clear distribution of roles and responsibilities among the entities involved and avoid unnecessary duplication of systems, services and operational functions.**

4. In order to reinforce the contribution to the SST implementation, the Commission is empowered to adopt delegated acts in accordance with Article 84 to supplement paragraph 3 with the detailed list of tasks to be performed by the SST Partnership.

5. SST services referred to in paragraph 1, point (c), shall be free of charge, available without interruption and adapted to the needs of the SST users referred to in paragraph 9 and shall include:

(a) the risk assessment of collision between spacecraft or between spacecraft and space debris and, where needed, the generation of collision avoidance alerts and manoeuvre recommendations during the phases of launch, early orbit, orbit raising, in-orbit operations and disposal phases of spacecraft missions;

(b) the detection and characterisation of in-orbit fragmentations, break-ups or collisions;

(c) the risk assessment of the uncontrolled re-entry of space objects**, including** ~~and~~ space debris**,** into the Earth's atmosphere and the generation of related information, including the estimation of the timeframe and likely location of possible impact;

~~*[Moved to paragraph 1(fa)]*~~

6. The SST services to **authorised** governmental SST users referred to in paragraph 9, point (c) shall be free of charge, available without interruption and adapted to their needs and may comprise correlation, filtering and storage of all SST data stemming from the network of sensors referred to in paragraph 1, point (a), and dissemination of SST data to **authorised** governmental SST users, based on the catalogue referred to in paragraph 1, point (a).

9. SST users shall comprise:

(a) SST core users, which shall have access to all SST services referred to in paragraph 5: Member States, the EEAS, the Commission, the Agency as well as public and private spacecraft owners and operators established in the Union;

(b) SST non-core users, which shall have access to services referred to in paragraph 5, points (a) and (c): other public and private entities and international organisations;

(c) **authorised** governmental SST users for the services referred to in paragraph 6: Member States and the EEAS.

9a. In order to foster uptake of SST services referred to in paragraph 5 or protect the security interest of the Union and its Member States, the Commission is empowered to adopt delegated acts to amend the list of non-core users or supplement the list of services that they may have access to.

10. The Commission may adopt, by means of implementing acts, access policies relating to SST services referred to in paragraph 5. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

10a. The Commission may adopt, by means of implementing acts, access policies and provision, technical and operational specifications for SST services referred to in paragraph 6. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

11. The SST sub-component shall not be open to the participation of third countries. However, it shall be open to Norway subject to the conclusion of a separate specific agreement under Article 218 TFEU and pursuant to Article 11(4).

Article 63

Near-Earth Objects

1. The objective of the NEO sub-component of SSA is the risk monitoring of natural objects in the solar system that approach the Earth.

2. The NEO sub-component shall include activities to fulfil the objective set out in paragraph 1, notably support activities related to the maintenance and data entries of the Union catalogue of physical properties of near-Earth objects, and may include impact risk assessment.

3. The NEO sub-component shall include research and development activities supporting its evolution and downstream ~~R and D~~**research and development** for applications and user technology.

3a. **The Commission, in its field of competence, may put in place procedures to coordinate, with the involvement of the appropriate UN bodies, the actions of the Union and national public authorities concerned with civil protection in the event a near-Earth object is found to be approaching Earth.**

Article 64

Space Weather Events

1. The objective of the SWE sub-component is to monitor and assess natural changes due to solar variable activity and related to space weather events, such as solar wind and solar flares, and their impacts on critical systems and on infrastructures covered by the technical requirements of the services referred to in paragraph 4.

2. The SWE sub-component shall include all the activities required to provide space weather services, including purchasing data from commercial sources and research and development activities supporting the evolution of the SWE sub-component, as well as its services and downstream ~~R and D~~**research and development** for applications and user technology for the uptake of SWE services.

3. SWE services shall aim to be available without interruption, free of charge, and shall in particular comprise the space domain and may expand gradually **to other domains according to user needs**.

4. The Commission may adopt, by means of implementing acts, technical and operational specifications relating to SWE services, taking into account user needs. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

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Article 65

Access to space

1. Access to space is the ability to launch and transport spacecraft to, in and from space, using launch systems.

2. The objective of this component shall be to foster an autonomous, resilient and sustainable access to space, by supporting the reliability, competitiveness and cost-efficiency of European launch services, together with a cohesive and cooperative European approach, taking into account the essential security interests of the Union and its Member States.

3. In synergies with other Union programmes and funding schemes, and without prejudice to ESA's activities, the activities under this component shall include:

(a) procurement or joint procurement, aggregation of, or incentives for, European launch services for the needs of the Union and, at their request, for the needs of Member States and international organisations, including the needs of in-orbit demonstration and in-orbit validation activities to support the activities of Article 66(2), point (e), and Article 67(2);

(b) access to space research and innovation, including the upgrade and development of new technologies and systems and services;

(c) development, adaptation, construction, maintenance and operation of critical Union based ground infrastructure, including the facilities necessary to test, launch and recover access to space technologies and services capabilities.

4. The Commission shall establish an Access to Space Coordination ~~Board~~**Forum** including Member States, the Agency established in accordance with ***[EUSPA]***Regulation (EU)

~~2021/696~~**xx/xx*** ('the Agency'), relevant international organisations, in particular ~~the European Space Agency~~**ESA**, and other European public entities to coordinate European **institutional** activities in access to space **and a European approach as referred to in paragraph 2**.

5. In order to protect the security interests of the Union, the Union space assets aiming to provide services to ~~government-authorised~~**authorised governmental users and PRS** users shall be launched by service providers that comply with the eligibility and participation conditions set out in Article 69 and, only in justified exceptional circumstances and on the basis of an international agreement concluded in accordance with Article 218 TFEU and pursuant to Article 11(4) providing for such activity, from the territory of a third country.

Article 66

Space commercialisation and space economy

1. CASSINI shall constitute the Union's space entrepreneurship initiative. CASSINI shall undertake actions to support the commercialisation of the Union space industry products and services, in particular focusing on entrepreneurship, and to leverage private investment, supporting entrepreneurs to grow up and scale up in the internal market and internationally. Space commercialisation activities may be carried out in cooperation with **Member States and** relevant organisations, including ESA.

2. This component shall include the following activities:

(a) creation of Union investment facilities for seed, early growth, and growth-stage private investment, and facilitating exits for founders and investors;

(b) creation of an Union industrial upscaling facility to enable more private investment into new and existing manufacturing facilities and reinforce Union-based supply chains;

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(c) support to the development of the Union of skills targeted to the space sector, including skills intelligence, space curricula development, upskilling, reskilling, mobility and exchange programmes;

(d) strengthening the local space ecosystems**, in coordination with national and regional initiatives,** bringing together different actors to promote space innovation, provide support, facilities and services to citizens and companies to foster entrepreneurship, notably through technology transfer, business acceleration services, matchmaking and investor networking and by enabling improved market access and international business networks;

(e) schemes to accelerate market readiness and commercial growth through the use of anchor customer contracts and schemes to onboard customers on both private and public sector markets, involving space components and infrastructures as well as products using space data and services;

(f) actions necessary to support the Union's space economy**, including user uptake and downstream market development,** and the internal market for space activities.

Article 67

Technological sovereignty, research and innovation

1. The technological sovereignty and research and innovation component shall enable the Union to build a competitive, autonomous, and innovative space industrial ecosystem, aiming to enhance the Union's technological sovereignty, non-dependence, and self-sufficiency in the space sector. It shall foster the development and uptake of cutting-edge space technologies. It shall prioritize the reduction of critical dependencies on non-Union technologies, build synergies with other sectors, promote maturation of critical technologies from research to industrialisation and foster dual-use technologies that can benefit both civil and defence applications.

2. The component shall include the following activities:

(a) activities related to Union's technological sovereignty, such as innovation, development, industrialisation and uptake of critical space technologies, including those directly related to the EU Observatory of Critical Technologies, (OCT) and

implementation of OCT roadmaps that reduce Union dependencies along the supply chains and enhance competitiveness of the Union space ecosystem;

(b) activities aiming at improving the timely availability of critical raw and advanced materials, components and technologies for the space sector, including through the reduction of their delivery lead time, reservation of manufacturing slots or stockpiling of products, intermediate products or critical raw materials;

(ba) the research**, development**, maturation and validation of emerging and new Union space capabilities, including **disruptive technologies, such as** quantum sensing and **other** related technologies;

(c) the development of new Union space capabilities fostering a new in-space economy, specifically through the maturation, demonstration and operationalisation of In-Space Operations and Services;

(d) boosting Union industrial competitiveness in global commercial markets, including through demonstrator missions advancing the degree of digitalisation of end-to-end space systems;

(e) exploring and leveraging synergies with complementary domains such as security and defence and other relevant sectors for key areas such as robotics, Artificial Intelligence and cybersecurity;

(f) supporting standardisation and certification activities**,** relevant for the Union space sector**, including a harmonised approach at Union level concerning Commercial Off-The-Shelf (COTS) components**;

(g) facilitating availability and access to testing and data processing facilities for space technologies.

Article 68

Access to services by third countries and international organisations

1. Third countries and international organisations may have access to GOVSATCOM services, governmental IRIS² services, fragmentation services referred to in Article 62(5), point (b), and EOGS subject to an agreement concluded in accordance with Article 218

TFEU and pursuant to Article 11(4), laying down the terms and conditions for access to those services, and on the condition that they comply with Article 13.

3. The access of third countries and international organisations to the Public Regulated Service (PRS) provided by Galileo shall be governed by Article 3(5) of Decision No 1104/2011/EU of the European Parliament and of the Council.

4. No agreement concluded in accordance with Article 218 TFEU shall be required to access SST services relating to collision avoidance referred to in Article 62(5), point (a) and re-entry referred to in Article 62(5), point (c).

4a. The services referred to in Article 62(6) shall not be accessible to third countries and international organisations, except under the conditions provided in the agreement referred to in Article 62(11).

Article 69

Eligibility and participation conditions for the preservation of the security, integrity and resilience of operational space systems of the Union

1. The Commission shall apply the eligibility and participation conditions set out in paragraph 3 to the award procedures under this Section if it deems that this is necessary and appropriate to preserve the security, integrity and resilience of the operational Union space systems, taking into account the objective to promote the Union's strategic autonomy, in particular in terms of technology across key technologies and value chains, while preserving an open economy.

2. Before applying the eligibility and participation conditions in accordance with paragraph 1 the Commission shall inform the relevant configuration of the Committee referred to in Article 83(1), point ~~(g)~~**(ha)** and shall take utmost account of the Member States' views on the scope of application of and the justification for those eligibility and participation conditions.

3. The eligibility and participation conditions shall be as follows:

(a) the eligible legal entity is established in a Member State and its executive management structures are established in that Member State;

(b) the eligible legal entity commits to carry out all relevant activities in one or more Member States; and

(c) the eligible legal entity is not to be subject to control by a third country or by a third country entity.

4. The Commission may set out, by means of implementing acts, the criteria determining a decisive influence over a legal entity, directly, or indirectly through one or more intermediate legal entities that may have an impact on the security, integrity and resilience of the operational Union systems, taking into account the objective to promote the Union's strategic autonomy, in particular in terms of technology across key technologies and value chains.

These implementing acts shall be adopted in accordance with the ~~advisory~~**examination** procedure referred to in Article ~~83(2)~~**83(3)**.

5. The Commission may waive the conditions of paragraph 3, points (a) or (b) for a particular legal entity upon evaluation based on the following cumulative criteria:

(a) for specific technologies, goods or services needed for the activities referred to in paragraph 1 no substitutes are readily available in the Member States;

(b) the legal entity is established in a country which is a member of the EEA or EFTA and which has concluded an international agreement with the Union as referred to in Article 11, its executive management structures are established in that country and the activities linked to the procurement, grant or prize are carried out in that country or in one or more such countries; and

(c) the protection of EUCI is ensured in accordance with Article 13 and measures are implemented to ensure the security and resilience of the components under this Section, their operation and their services.

6. By way of derogation from paragraph 5, point (b), the Commission may waive the conditions under paragraph 3, points (a) or (b), for a legal entity established in a third country which is not a member of the EEA or EFTA if no substitutes are readily available in countries which are members of the EEA or EFTA and the criteria set out in paragraph 5, points (a) and (c), are met.

7. The Commission may waive the condition under point (c) of paragraph 3 if the legal entity established in a Member State provides the following guarantees:

(a) control over the legal entity is not exercised in a manner that restrains or restricts its ability to:

(1) carry out the procurement, grant or prize; and

(2) deliver results, in particular through reporting obligations;

(b) the controlling third country or third country entity commits to refrain from exercising any controlling rights over or imposing reporting obligations on the legal entity in relation to the procurement, grant or prize; and

(c) the legal entity complies with the general security requirements referred to in Article 77(3).

8. The competent authorities of the Member State in which the legal entity is established shall assess whether the legal entity complies with the criteria set out in point (c) of paragraph 5 for waivers relative to the condition set out in paragraph 3, point (b), and guarantees referred to in paragraph 7. The Commission shall comply with that assessment.

9. The Commission shall provide the following to the relevant Committee configuration referred to in Article ~~83(6)~~**83(1), point (ha)**:

(a) the scope of application of eligibility and participation conditions referred to in paragraph 3 of this Article;

(b) details and justifications on the waivers granted in accordance with this Article; and;

(c) the evaluation that formed the basis for a waiver, subject to paragraphs 5 to 7 of this Article, without divulging commercially sensitive information.

10. The conditions set out in paragraph 3, the criteria set out in paragraphs 4, 5 and 6 and the guarantees set out in paragraph 7 shall be included in the documents relating to the procurement, grant or prize, as applicable, and, in the case of procurement, they shall apply to the full life cycle of the resulting contract.

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11. This Article is without prejudice to Decision No 1104/2011/EU and Commission Delegated Decision of 15.9.2015, Regulation (EU) 2019/452, Decision 2013/488/EU and Decision (EU, Euratom) 2015/444 and to the security vetting carried out by Member States with regard to legal entities involved in activities requiring access to EUCI subject to the applicable national laws and regulations.

12. If contracts resulting from the application of this Article are classified, eligibility and participation conditions applied by the Commission in accordance with paragraph 1 shall be without prejudice to the competence of national security authorities.

13. This Article shall not interfere with, amend or contradict any existing Facility Security Clearance and Personnel Security Clearance procedure within a Member State.

Article 70

Ownership of Union space assets, access to results and use of assets

1. The Union shall be the owner of all tangible and intangible assets created, developed or purchased under direct or indirect management in the implementation of activities supported under this section. To that effect, the Commission shall ensure that relevant contracts, agreements and other arrangements relating to the activities which may result in the creation or development of such assets contain provisions ensuring the Union's ownership.

2. Paragraph 1 shall not apply to the tangible and intangible assets created or developed under direct or indirect management in the implementation of the activities supported under this section:

(a) where Union support is provided in the form of grants, prizes or pre-commercial procurement, or

(b) the activities are not fully financed by the Union, except as otherwise specified, or

(c) the activities relate to PRS receivers developed by Member States.

2a. Paragraph 2, point (b), shall not apply to the governmental infrastructure developed under the IRIS² sub-component.

3. When paragraph 2 applies, Union institutions, bodies, offices or agencies shall not acquire ownership but enjoy royalty-free access rights to results for own use and the right to grant, or to require the recipients to grant, non-exclusive licences to third parties, including Member States, to exploit the results under fair and reasonable conditions without any right to sublicense.

4. The Union may conclude the relevant agreements in order to acquire ownership of assets developed by third parties where such assets are necessary to the implementation of the components under this Section.

5. The Commission shall ensure that the Union has the following rights:

(a) the right of use of the frequencies required for the transmission of the signals generated by the governmental infrastructure of IRIS², the PNT component, the EO component, and**,** where necessary**,** the SST ~~component~~**or the access to space components**, in accordance with the applicable laws and regulations and the relevant licensing agreements, enabled by the relevant filings for the frequencies provided by the Member States, which remain under the responsibility of the Member States;

(b) the right to prioritise the provision of the IRIS² governmental services over commercial services, in accordance with the terms and conditions to be established in the contracts referred to in Article 61 and by taking into consideration the needs of ~~government-authorised~~**authorised governmental** users.

Article 71

Service performance, warranty and liability

-1. The Commission or, where relevant, the Agency shall establish a service definition document for each service provided by the components or sub-components under this Section with their characteristics and expected performances. Such document shall be made public or, for services to ~~government-authorised~~**authorised governmental users or PRS** users, shared with the appropriate competent authorities referred to in Article 76. **For the SST sub-component, the SST Partnership referred to in Article 62(3) shall contribute to the establishment of the service definition document.**

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1. The expected performances under paragraph -1, as well as data and information provided by the components and sub-components under this Section, shall be provided without any express or implied warranty as regards their quality, accuracy, availability, reliability, speed and suitability for any purpose. **No liability shall be borne in this regard by the Commission, the Agency, and any governmental authority involved.**

1a. **When a service does not meet the parameters declared in the service definition document referred to in paragraph -1 due to a planned or unforeseeable event, users shall be informed without undue delay in accordance with the procedure set out in the relevant service definition document.**

1b. By way of derogation from paragraph 1 for services to ~~government-authorised~~**authorised governmental** users**, for PRS** and for safety of life services referred in Article 59(3), point (i), the service definition document referred to in paragraph -1 shall be accompanied by specific commitments in terms of expected performances, which may be subject to certain terms and conditions of use.

~~1c.~~ ~~When a service does not meet the parameters declared in the service definition document referred to in paragraph -1 due to a planned or unforeseeable event, users shall be informed without undue delay.~~

1c. The Points of Contact referred to in Article 77(1), point (ga), shall inform the Commission or, where relevant, the Agency, when a planned event referred to in paragraph 1b relating to services provided to ~~government-authorised~~**authorised governmental users or PRS** users may affect their activities.

2. For SST, Member States participating in the SST sub-component shall not be held liable for damage resulting from the lack of or interruption in the provision of SST services, for delay in the provision of SST services, for inaccuracy of the information provided through the SST services or for any other action undertaken in response to the provision of SST services. For the purpose of paragraph 1b, those Member States shall notify any deviation of performance to the Commission and the Agency without undue delay.

Article 72

Complementary procurement rules

1. The contracting authority may request that the tenderer subcontracts part of the contract by competitive tendering at the appropriate levels of subcontracting to companies other than those which belong to the tenderer's group. For contracts above EUR 10 million, the contracting authority shall aim to ensure that at least ~~30~~**10** % of the value of the contract is subcontracted ~~by competitive tendering at various levels of subcontracting to companies outside the group of the prime tenderer~~**to SMEs**~~, in particular in order~~ to enable the cross-border participation of SMEs in the space ecosystem. **For those contracts, the prime tenderer shall in principle aim to subcontract 30% of the value of the contract, including the minimum participation of SMEs, by competitive tendering at various levels to companies outside the group of the prime tenderer. The prime**~~The~~ tenderer shall provide reasons for not fulfilling a request made to sub-contract or for deviating from the ~~30% target~~**aforementioned targets**. The contracting authority may include specific requirements in the award procedure documentation to ensure that prime contractors follow the principles of the procurement set in this paragraph during the execution of the contract.

1a. The Commission shall inform the committee referred to in Article 83(1), point (g), on the fulfilment of the target referred to in paragraph 1.

2. The procurement relating to service continuity**, or to the PRS** or to services to ~~government-authorised~~**authorised governmental** users shall be deemed to satisfy the condition of extreme urgency established in point 11.1, point (c), of Annex I of the Financial Regulation.

Article 73

Complementary grant rules

1. [The Union may cover up to 100 % of the eligible costs, without prejudice to the co-financing principle.]

2. By way of derogation from Article 184(6) of the Financial Regulation when applying flat rates, the authorising officer responsible may authorise or impose funding of the

beneficiary's indirect costs up to a maximum of 25 % of total eligible direct costs for the action.

3. By way of derogation from Article 207 of the Financial Regulation, the maximum amount of financial support that can be paid to a third party shall not exceed EUR 200 000.

4. The SST partnership referred to in Article 62(3) shall be entitled to receive a grant under Article 198(d) of the Financial Regulation.

Article 74

Complementary indirect management rules

1. A tripartite financial framework partnership agreement in accordance with Article 131 of Regulation (EU, Euratom) 2024/2509 shall be concluded with both the Agency established in accordance with ***[EUSPA]***Regulation (EU) ~~2021/696 and the European Space Agency~~**xx/xx*and ESA**, subject to which the Agency and ~~the European Space Agency~~**ESA** may be entrusted with budget implementation tasks.

2. Whenever a Tender Evaluation Board is established by the Agency or ESA for a procurement performed under the tripartite agreement, experts from the Commission and, where relevant, from the other entrusted entity may participate as members in the Tender Evaluation Board meetings, have access to all the documents produced by the Tender Evaluation Board and attend review meetings. Such participation shall not affect the technical independence of the Tender Evaluation Board.

3. By way of derogation from Article 62(1) of the Financial Regulation and subject to the Commission's assessment of the protection of the Union's interests, tasks entrusted under indirect management to the Agency, or its successors, may be further entrusted by the Agency to bodies referred to in Article 62(1), point (c), of Regulation (EU, Euratom) 2024/2509 under the conditions of indirect management applying to the Commission.

4. Whenever procurement or grant activities are implemented via indirect management by entrusted entities, communications activities, dissemination activities and any

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infrastructure, equipment, vehicles, supplies or major result funded by the procurement or grant must acknowledge the Union support and display the European flag (emblem) and funding statement (translated into local languages, where appropriate) in accordance with the Commission' standard communication rules.

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Article 75

Roles

1. The Member States may participate in the components referred to in this Section and, when doing so, shall contribute with their technical competence, know-how and assistance, in particular in the field of safety and security. This contribution shall include, where appropriate and possible, making available to the Union data, information, services and infrastructure in their possession or located on their territory, that are necessary to the good functioning of the actions. The Member States shall take measures to ensure the smooth functioning of the actions supported under this Section, including frequency allocation and protection. ~~Member States developing national secure connectivity systems shall ensure interoperability and radio frequency compatibility with IRIS² for the purpose of Article 61(1a), point (a). Member States shall also be responsible, at local level, for the accreditation of the security of sites that are located within their territory and form part of the security accreditation area for the components, and report, to this end, to the Security Accreditation Board referred to in Article 36 of Regulation (EU) 2021/696. Member States participating in the SST Partnership shall perform security accreditation on the basis of the general security requirements referred to in Article 77(3) and in accordance with Council Decision 2013/488/EU.~~

2. The Commission shall have overall responsibility for the implementation of the components referred to in this Section, including in the field of security, without prejudice to Member States' prerogatives in the area of national security. The Commission shall also supervise the implementation of those components, without prejudice to other policies of the Union.

3. The Commission shall:

(a) manage any of the components or sub-components not entrusted to another entity;

(b) determine the priorities of those components in the work programmes referred to in Article 15 and their long-term evolution in line with the user requirements, and shall supervise their implementation;

(ba) without prejudice to the tasks of the Agency or of other entrusted entities, ensure that the uptake and use of the data and services provided by the components under this Section is promoted and maximised in the public and private sectors**, including by supporting appropriate development of those services and user-friendly interfaces, by fostering a stable long-term environment, by developing appropriate synergies between the applications various components and by ensuring complementarity, consistency, synergies and links between the components under this Section and other Union actions and programmes**;

(bb) promote coherence between activities under this Section and activities carried out in the space domain at Union, national or international level;

(c) determine and coordinate the international dimension of the components, to ensure coherence with the Union policies for external action and a consistent approach thereto**, within its field of competence**.

4. Where necessary to ensure the smooth functioning of the components under this Section and the smooth provision of services provided thereby, the Commission shall, by means of implementing acts, determine the technical and operational specifications needed for the implementation of and evolution of the components and sub-components under this Section and of the services they provide, ~~after having consulted~~**taking into account results from consultation of** users and other stakeholders. When determining those technical and operational specifications, the Commission shall avoid reducing the general security level and shall meet backwards compatibility requirements. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

5. Where necessary, the Commission shall, by means of implementing acts, adopt measures required to determine the location of the ground-based infrastructure, based on the security requirements referred to in Article 77(3), following an open and transparent process and ensuring sound financial management. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3).

6. The Agency shall have its own tasks **as referred to in Article 4(1) of *[EUSPA]*** ~~in accordance with~~ Regulation (EU) ~~2021/696~~**xx/xx*** and may be entrusted by the Commission with other tasks **as referred to in Article 4(2), (3) and (5) of that Regulation and** in accordance with the Financial Regulation.

7. Provided that the interests of the Union are protected, ESA may be entrusted with the following tasks:

(a) as regards PNT: major systems evolution and design and development of parts of the ground segment, and of satellites, including testing and validation;

(b) as regards Copernicus:

(i) coordination and implementation of the space component and its evolution;

(ii) design, development and construction of the Copernicus space infrastructure and of parts of the associated ground segment, including the operations of that infrastructure and related procurement, except when those operations are done by other entities**, such as the European Organisation for the Exploitation of Meteorological Satellites (EUMETSAT)**;

(iii) where appropriate, provision of access to third-party data;

(c) as regards EOGS: design and development of new Earth-observation space missions and parts of associated ground segment;

(d) as regards IRIS²:

(i) the supervision of the development, of the validation and of the related deployment activities relating to the ~~definition, design,~~ development, validation and deployment phases for the governmental services and of the development and evolution necessary for the provision of governmental services, **undertaken within the framework of contracts referred to in Article 61(15) and in accordance with terms and conditions of the contribution**

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agreements under the financial framework partnership agreement referred to in Article 74(1), ensuring coordination between the tasks and budget entrusted to ESA and possible contribution by ESA;

(ii) the provision of its technical expertise, including during implementation;

(da) as regards NEO and SWE: upstream research and development activities.

8. On the basis of an assessment by the Commission, ESA may be entrusted with other tasks based on the needs of the components under this Section, including specific research and innovation activities, provided that those tasks do not duplicate activities performed by another entrusted entity and that they aim to improve the efficiency of the implementation of the components under this Section.

8a. SATCEN may be entrusted with the following tasks in relation to EOGS: operation of the federation layer, the provision of EOGS services to authorised governmental users, and management of EOGS data access, coordination and distribution.

9. Provided that the interests of the Union are protected, the Commission may also entrust, in full or in part, tasks to implement the components supported under this section to relevant entities, such as the ~~European Organisation for the Exploitation of Meteorological Satellites~~**EUMETSAT**, the European Environment Agency, the European Border and Coast Guard Agency, the European Maritime Safety Agency, the ~~European Union Satellite Centre~~**SatCen**, the European Centre for Medium-Range Weather Forecasts, and Mercator Ocean International.

Article 76

Competent authorities

1. Where necessary for sub-components which ~~include~~**provide** services to ~~government-authorised~~**authorised governmental** users, each participant shall designate a competent authority ~~for each sub-component or service~~. The competent authority shall ensure that:

(a) the use of the relevant services is in compliance with the general security requirements referred to in Article 77(3);

(b) the access rights to the relevant services are determined and managed;

(c) user equipment necessary for the use of the relevant services and associated electronic communication connections and information are used and managed in accordance with the general security requirements referred to in Article 77(3);

(d) a central point of contact is established to assist as necessary in the reporting of security risks and threats, in particular the detection of potentially harmful electromagnetic interference affecting the services developed under the space component under this Section.

2. ~~By derogation to paragraph 1,~~ The actions, tasks and functioning of PRS Competent Authorities are referred to in Article 5 of Decision No 1104/2011/EU.

Article 77

Principles of governance and security

1. The principles of governance for the specific activities and components under this section shall be based on the following:

(-a) service continuity **and reliability** and necessary infrastructure continuity, including protection from relevant threats;

(a) clear distribution of tasks and responsibilities between the entities involved in the implementation, building on their respective competences and avoiding any overlaps or duplications in tasks and responsibilities and thus ensuring clear accountability;

(b) relevance of the governance structure to the specific needs of each component or sub-component as appropriate;

~~coherence between activities under this Section and activities carried out in the space domain at Union, national or international level.~~

(c) strong control of the activities and components, including strict adherence to cost, schedule and performance by all the entities, within their respective role and tasks;

(d) transparent and cost-efficient management;

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(f) systematic and structured consideration of the needs of users of the data, information and services provided by the components, as well as of related scientific and technological evolutions;

(g) constant efforts to control and reduce risks;

(ga) **for services to authorised governmental users and for PRS,** coordination ~~on aspects concerning operations related to those services~~**of relevant operational activities** with the competent authorities referred to in Article 76 and with the Points of Contact designated by Member States to represent relevant ~~government authorised~~ users **of those services**.

1a. The Security Accreditation Board established under Article ~~36 of~~**15 of *[EUSPA]*** Regulation (EU) ~~2021/696~~**xx/xx**[*] shall be the security accreditation authority for the components and sub-components referred to in Article 58~~, where applicable~~**. That accreditation shall be carried out in accordance with Article 16 of that Regulation**.

2. The principles of security of the components under this Section, including their ground and space infrastructures, shall be based on the following:

(a) to take account of the experience of the Member States in the field of security and build on their best practices;

(b) to ensure the protection of the ground infrastructures which form an integral part of a component and which are located on their territory, Member States shall take measures which are at least equivalent to those necessary for the protection of European critical infrastructures within the meaning of Council Directive (EU) 2022/2557;

(c) to apply Council Decision 2013/488/EU as far as Member States are concerned and Commission Decision (EU, Euratom) 2015/444 as far the Commission is concerned, which provide, inter alia, for a separation between operational functions and those associated with accreditation;

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[*] **OJ: please insert in the text the number of the Regulation contained in file 2026/0084(COD)**

(d) to consider the Commission as originator of all classified information created by entrusted entities as referred to in Article 74(1);

(e) to ensure that the Security Accreditation Board established under Article ~~36 of~~**15 of *[EUSPA]*** Regulation (EU) ~~2021/696~~**xx/xx**[*] performs its tasks without prejudice to the responsibilities of the Commission or to those entrusted entities, and without prejudice to the competences of the Member States as regards security accreditation;

~~(f) for the Commission to communicate the decisions of the Security Accreditation Board, as well as the residual risks identified to the Council for information;~~

~~(fa) the Commission may adopt any adequate measures in accordance with this Regulation and in accordance with the security accreditation decision-making process as set out in Article 37 of Regulation (EU) 2021/696;~~

~~[Moved to paragraph 1]~~

3. The Commission shall ensure that a risk and threat analysis is performed for each new component or sub-component and maintained and updated for the existing components or sub-components. Based on that analysis, it shall determine, by means of implementing acts, the general security requirements for each component or sub-component. In doing so, the Commission shall take account of the impact of those requirements on the smooth functioning of that component or sub-component, in particular in terms of cost, risk management and schedule, and shall ensure that the general level of security is not reduced and that the functioning of the existing equipment based on that component or sub-component is not undermined and shall take into account cybersecurity risks. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 83(3). **The entities involved in implementing space activities under this Section shall take the necessary measures, including in light of the issues identified in the risk and threat analysis, to ensure the security of the components under this Section.**

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4. Whenever the security of the Union or its Member States may be affected by the operation of the systems, the procedures set out in Decision (CFSP) 2021/698 shall apply.

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Chapter VIII
Final Provisions

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Article 83

Committee procedure

1. The Commission shall be assisted by a committee, which shall be the committee within the meaning of Regulation (EU) No 182/2011, and may convene in the following configurations:

(a) ECF General Committee, for matters concerning the general objectives or matters concerning more than one of the specific objectives set out in Article 3(2);

(b) Clean Transition Committee for matters concerning specific objectives set out in Article 3(2), point (a);

(c) Health, Biotech, Agriculture and Bioeconomy Committee for matters concerning specific objectives set out in Article 3(2), point (b);

(d) Digital Committee for matters concerning specific objectives set out in Article 3(2), point (c);

(e) Defence Industry Committee for matters concerning specific objectives set out in Article 3(2), point ~~(d)~~**(d)(2)**;

(f) Resilience Committee for matters concerning specific objectives set out in Article 3(2), point ~~(d)~~**(d)(1)**;

(g) Space Committee for matters concerning specific objectives set out in Article 3(2), point (d)(3)~~, In accordance with its rules of procedure, the Space Committee may set up sub-committees per component or sub-component and working groups~~;

(h) Security Industry Committee for matters concerning specific objectives set out in Article 3(2), point (d)(4);

(ha) Security Committee for **the protection of EU classified information and related** security **aspects arising in relation to** matters concerning specific objectives set out

in Article 3(2), point (d)**, with a remit that shall be distinct from, and shall not overlap with, the remit of the other configurations**.

2. Where reference is made to this paragraph, Article 4 of Regulation (EU) No 182/2011 shall apply and the opinion shall be requested from the configuration of the committee most concerned.

3. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply and the opinion shall be requested from the configuration of the committee most concerned.

4. Where reference is made to this paragraph, Article 8 of Regulation (EU) No 182/2011, in conjunction with Article 5 thereof, shall apply.

5. Where the opinion of the committee is to be obtained by written procedure, that procedure shall be terminated without result when, within the time-limit for delivery of the opinion, the chair of the committee so decides or a simple majority of committee members so request.

6. The Committees in points b) through ~~ha)~~ **h)** of paragraph 1 may convene in different ~~configurations or sub-committees~~**working groups** aligned with the specific components **or sub-components** of the policy windows**, as well as for the Committee in point ha) in security working groups to deal with the protection of EU classified information and related security aspects arising in relation to matters concerning specific objectives set out in Article 3(2), point (d)**.

6a. When convening to examine work programmes with a specific dedicated part ~~regarding~~**on** collaborative research and innovation activities as referred to in Article 15(2), ~~a representative~~**except for work programmes on activities set out in Chapter VII, Section 2, the agendas of the relevant committee configurations shall include dedicated items for the part of the work programmes on collaborative research and innovation activities. Two representatives** from each Member State~~ sitting in the Committee under Article 18(1) [Council decision - Horizon Europe 2025/0544]~~ shall be invited to attend.

7. ~~In accordance with international agreements concluded by the Union,~~ Representatives of third countries, international organisations or other European Union institutions, bodies

and agencies may be invited ~~as observers in~~**to attend** the meetings of the committee configurations under the conditions laid down in their rules of procedure, taking into account security and public order interests of the Union**. They shall not be present at, nor shall they participate in the voting of the committee**. Representatives of third countries or international organisations shall not be present in deliberations on matters related to eligibility, including deliberations related to Articles 9 and 10 of this Regulation.

8. The EDA shall be invited to ~~provide its views and expertise to~~**attend the meetings of** the defence industry committee as an observer **and to provide its views and expertise in the work of the committee**. The EEAS shall also be invited to assist in the work of the defence industry committee**, whenever its expertise and views are useful for the work of the committee**.

Article 84

Exercise of the delegation

1. The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.

2. The power to adopt delegated acts referred to in this Regulation shall be conferred on the Commission for the period from the date of enter into force of this Regulation until 31 December 2035.

3. The delegation of power referred to in this Regulation may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.

4. Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.

5. As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.

6. A delegated act adopted pursuant to this Regulation shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.

6a. This Regulation shall not affect Commission Delegated Regulation No 1159/2013 which shall remain in force, if relevant, until modified on the basis of this Regulation.

Article 85

Amendments to Regulation (EU) 2021/696

Titles I, II and III, Articles 26, 27, 28, 30, 31, 32, 33, , 43, Titles VI, VII, VIII and X of Regulation (EU) 2021/696 shall be repealed with effect from 1 January 2028.

Article 86

Amendments to Regulation (EU) 2023/588

Chapters I, II, III, IV, Articles 24, 25, 26, 28, and 29, Titles VII, VIII, IX and X of Regulation (EU) 2023/588 shall be repealed with effect from 1 January 2028.

Article 87

Amendments to Regulation [EDIP]

Chapters I, II, IV, V and VIII of Regulation (EU) [EDIP] shall be repealed with effect from 1 January 2028.

Article 88

Repeal

The following regulations are repealed with effect from 1 January 2028:

(a) Regulation (EU) 2021/522 of the European Parliament and of the Council of 24 March 2021 establishing a Programme for the Union's action in the field of health ('EU4Health Programme') for the period 2021-2027, and repealing Regulation (EU) No 282/2014;

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(b) Regulation (EU) 2021/694 of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme and repealing Decision (EU) 2015/2240;

(c) Regulation (EU) 2021/697 of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092;

(d) Regulation (EU) 2021/783 of the European Parliament and of the Council of 29 April 2021 establishing a Programme for the Environment and Climate Action (LIFE), and repealing Regulation (EU) No 1293/2013.

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Article 89

Transitional provisions

1. This Regulation shall not affect the continuation or modification of actions initiated pursuant to the basic acts referred to in Article 85, which shall continue to apply to those actions until their closure.

2. This Regulation shall not affect the implementing acts adopted under the Space Programme Regulation (EU) No. 2021/696 and IRIS² Regulation (EU) 2023/588. These acts shall remain in force, if relevant, until modified on the basis of this Regulation, and with the exception of decisions taken pursuant to Article 36(4) of Regulation (EU) 2023/588.

3. The financial envelope referred to in paragraph 1 of Article 4 may also cover the technical and administrative assistance expenses necessary to ensure the transition between the ECF and the measures adopted pursuant to the basic acts referred to in the first paragraph.

Article 90

Entry into force

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

2. It shall apply from 1 January 2028.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President

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