



Call for Expression of Interest to select Financial Intermediaries that will receive resources from the ESIF Regional Fund-of-Funds Romania to implement the following Financial Instruments:

Equity Fund(s) and/or Co-investment Facility Window(s)

Reference number: Call for EoI – R-FOF-RO 2016/03

Published on 25 October 2017

Introduction

As part of the Regional Operational Programme approved by the European Commission by Decision C(2015) 4272 on 23 June 2015, as amended from time to time ("**Operational Programme**" or "**OP**"), with the purpose of tackling the market failure identified by the ex-ante assessment carried out by Romania ("**MS**") and approved by Government Memorandum on 6 April 2016 ("**Ex-ante Assessment**"), the Government of Romania, represented by the Ministry of Regional Development, Public Administration and European Funds, has agreed to dedicate resources to the implementation of a fund-of-funds with EIF, hereinafter the **Regional Fund-of-Funds ("Regional FoF")**, in accordance with Article 38 (4)(b)(i) of the Common Provision Regulation ("**CPR**") and in accordance with the provisions of a funding agreement entered into on 21 July 2017 between the Government of Romania and EIF ("**Funding Agreement**").

Relevant rules for implementing the Financial Instruments (as defined) are primarily stipulated in the CPR, the Delegated Act, the Implementing Regulation and the ERDF Regulation (respectively as defined below) and the applicable Romanian law and regulations.

This Call for Expression of Interest is addressed to bodies or firms, whether public or private, which are interested in receiving resources out of the Regional FoF, as Financial Intermediaries (as defined below) for the implementation of the Equity Fund(s) and/or Co-Investment Facility Window. Such activities shall be carried out in accordance with the Operational Agreement(s) (as defined below).

Financial Intermediaries should express their interest by completing and submitting an Expression of Interest (as defined below), a template of which is attached hereto, in the manner provided in this Call and meeting the conditions herein.

1. Definitions and Interpretation

In this Call for Expression of Interest, capitalised terms and expressions shall have the meaning attributed to them below, unless otherwise defined above or the context requires otherwise.

Applicant	means a Financial Intermediary applying to this Call for Expression of Interest;
Business Day	means a day during which EIF Luxembourg office is open, and banks are open for general business in Bucharest and Luxembourg;

Common Provision Regulation or CPR	means the Common Provisions Regulation (EU) No 1303/2013 of 17 December 2013 of the European Parliament and of the Council;
Deadline	means <u>22 January 2018</u> ;
Delegated Act	means the Commission Delegated Regulation (EU) No 480/2014 of 3 March 2014 supplementing the CPR;
EIB Group	means the European Investment Bank (EIB) and the European Investment Fund (EIF);
Eligibility Criteria	means the criteria with which the Expressions of Interest and the Applicants must comply and which are listed in Annex 2 hereof;
Expression of Interest	means a proposal sent by an Applicant in response to this Call for Expression of Interest, within the Deadline, to be drafted in accordance with the template attached hereto;
Ex-ante Assessment	means the ex-ante assessment of financial instruments for 2014-2020 carried out by the MS and approved by Government Memorandum on 6 April 2016;
ERDF Regulation	means regulation (EU) No 1301/2013 of the European Parliament and of the Council of 17 December 2013;
Financial Instrument(s)	Equity Fund(s) and Co-Investment Windows;
Financial Intermediary	means an entity undertaking risk capital investments by providing long-term equity and/or quasi-equity (such as an equity Fund Manager) to be selected by EIF for the implementation of (a) Financial Instrument(s). The Fund Manager, selected by EIF to manage the Financial Instrument, will typically comprise a team with relevant venture capital, private equity, mezzanine, and/ or technology transfer and industry experience. Established, emerging and first time management teams will also be considered. The Fund Manager must operate the Financial Instrument according to applicable industry practices, meaning (among others) that it must act with the diligence of a professional manager in good faith and avoiding conflicts of interest. One or more Fund Managers could be selected as a result of the Call for Expression of Interest and subsequent selection process.
Implementing Regulation	means the Commission Implementing Regulation (EU) No 821/2014 of 28 July 2014 laying down rules for the application of the CPR;
Non-Cooperating Jurisdictions	means any jurisdictions not cooperating with the European Union in relation to the application of the internationally agreed tax standard (of the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange for Tax Purposes).
Operational Agreement	means an agreement entered into between a Financial Intermediary and the EIF for the purpose of entry into, subscription or provision of a Financial Instrument on the basis of this Call for Expression of Interest and the selection process, in accordance with the CPR and the Delegated Act;
Quality Assessment Criteria	means the quality assessment criteria applied by EIF at the sole discretion of EIF to assess the suitability of the Applicant and/or the proposed Financial Instrument(s) according to the business standards of EIF and which are listed in Annex 2 hereof;
Selection Criteria	means the Eligibility Criteria and the Quality Assessment Criteria;

Small and Medium-sized Enterprises or SMEs means a micro (including individual entrepreneurs and self-employed persons), small or medium-sized enterprise as defined, as applicable, in the Commission Recommendation 2003/361/EC of 6 May 2003, as amended from time to time concerning the definition of micro, small and medium-sized enterprises.

2. Regional FoF description

According to the Funding Agreement, the European Investment Fund was appointed by the MS to act as its agent to manage the amounts made available under the Funding Agreement in the form of the Regional FoF, pursuant to Article 38(4)(b)(i) of the CPR.

3. Eligible Financial Intermediaries

The EIF shall select one or more Financial Intermediaries to implement one or more Financial Instruments, as per two implementation models, i.e. an equity fund model (hereinafter the Equity Fund(s) Window), and/or a co-investment facility model (hereinafter the Co-Investment Facility(ies) Window), in accordance with the procedure described below. The selection of Financial Intermediaries shall depend on the funding available from time to time, and shall be based on the Selection Criteria.

Financial Intermediaries shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject. Furthermore, in the case of cross-border Financial Instruments where the relevant support is not reserved for operations, projects or activities implemented in the same jurisdiction where the concerned Financial Intermediary is incorporated, Financial Intermediaries (and sub-intermediaries) shall not be incorporated in Non-Cooperating Jurisdictions. Each applying Financial Intermediary may inquire about the status of a particular jurisdiction with EIF.

Financial Intermediaries shall acknowledge the EIF Anti-Fraud Policy (http://www.eif.org/attachments/publications/about/Anti_Fraud_Policy.pdf) which sets out the policy of EIF for preventing and deterring corruption, fraud, collusion, coercion, obstruction, money laundering and terrorist financing and shall take appropriate measures (as may be further specified in the Operational Agreements) to facilitate implementation of such policy.

4. Description of the activities expected from the selected Financial Intermediaries

The selected Financial Intermediary or Intermediaries shall implement the Financial Instrument as provided for in Articles 37 and 38 of the CPR.

It is planned to allocate the following amounts:

(i) From the ESIF Regional FoF, up to EUR 54.7 million;

and

(ii) a potential allocation of up to EUR 25.2m (after deducting costs) from the RCR and/ or other resources managed by EIF for co-investment in eligible Financial Intermediaries. It should be noted that the eligibility of Financial Intermediaries will need to be assessed vis-à-vis the specific requirements of the EIF-managed resources concerned.

Financial Intermediaries may express their interest for a contribution of up to the full amount indicated under one of the two windows listed below.

The combined resources of FoF and co-investment by EIF will not necessarily be allocated to each of the Financial Instruments detailed in the Annexes, nor according to any predefined split or relative allocation. This is to ensure maximum flexibility and responsiveness to the market.

Financial Instruments	Indicative capital allocation	Applicable Annexes
Equity Fund(s) - Window	Up to EUR 79.9 million	Appendix 1 to Annex 2 (Financial Instrument: Description and Selection Criteria)
Co-Investment Facility(ies) - Window		Appendix 2 to Annex 2 (Financial Instrument: Description and Selection Criteria)

The indicative capital allocated to the Financial Instruments, as well as the amounts available for contribution by the FoF to the selected Financial Intermediary(-ies), may be changed as necessary, at EIF's sole discretion subject to applicable approvals, particularly if the funding available changes during the FoF implementation process or the demand for the Financial Instrument(s) so requires. Also, during implementation process of the particular Financial Instrument, EIF may, at its sole discretion, decide to increase / decrease its commitment to a particular Financial Intermediary or consider any Financial Intermediary for any Financial Instrument(s) under the Call. With a view to maximising the efficient use of the resources of the FoF, EIF shall have sole discretion to allocate any available amounts to Financial Intermediaries that out-perform initial expectations on the build-up of the relevant investment portfolio. For the avoidance of doubt, any committed capital to the Financial Instruments shall be governed by the terms of the relevant operational agreement.

5. Expression of Interest

A template for the Expression of Interest is attached hereto as Annex 1.

The Expression of Interest shall include the Applicant's identification, the Business Plan, the supporting identification documents and the Declaration of Honour.

No later than **30 November 2017**, the Applicants may request clarifications regarding this Call for Expression of Interest or the nature of the Financial Instruments. Such requests must indicate the Call for Expression of Interest reference number and the name of the Applicant and shall be submitted in English via e-mail to:

Mandate Management - Equity
European Investment Fund
info.rfofro@eif.org

Requests for clarifications from Applicants shall not receive individual replies. Instead, answers to relevant requests for clarifications received within the relevant deadline will be published together in a clarification document to be posted on the website www.eif.org, at latest on **15 December 2017**.

EIF will, in principle, not contact any Applicant prior to the Deadline, unless it considers it necessary to clarify issues of a mere technical nature. However, should EIF discover any errors, inaccuracies, omissions or any other type of clerical defect in the text of the Call for Expression of Interest before the Deadline, EIF will correct the text and inform the Applicants accordingly.

The Expressions of Interest, including the submitted documents, shall be in English only.

6. Submission of Expression of Interest

The Expressions of Interest shall be submitted on or before the Deadline **both** by (i) e-mail **and** (ii) registered mail or professional courier service. The Expressions of Interest sent by registered mail or professional courier service shall consist of a closed single package, and shall contain the Expression of Interest, together with its attachments, in paper form and in removable electronic storage medium (e.g. CD-ROM or USB stick).

The submission of Expressions of Interest should take place before the Deadline.

The Deadline applies (i) in case of e-mails, to the reception by EIF and (ii) in case of registered mail or professional courier service, to the date of dispatch proven by the post office stamp or a dispatch receipt.

The Expressions of Interest shall indicate the reference number of the Call (**Call for Eol – R-FOF-RO 2016/03**) and the name of the Applicant and shall be sent to the following address:

Postal Address:

European Investment Fund
Attention: Mandate Management – Equity
37B, avenue J.F. Kennedy
L-2968 Luxembourg
LUXEMBOURG

The outer envelope (package) shall indicate the following:
“Expression of Interest – **Call for Eol – R-FOF-RO 2016/03** – Not to be opened by the reception –
To be passed without opening to **Mandate Management – Equity**”.

The electronic version of the Expression of Interest shall be sent to: **info.rfofro@eif.org**, stating in the subject of the email: “**Call for Eol – R-FOF-RO 2016/03**: [name of the Applicant]”.

Prior to the Deadline and in the same manner as specified above, the Applicants may change or amend their Expressions of Interest by clearly indicating the parts to be changed or amended.

An acknowledgement of receipt will be sent to the relevant Applicants by EIF via e-mail, which shall state the following:

- unique application identifier (Expression of Interest number), to be used in all subsequent communications relating to the Expression of Interest;
- confirmation that the Expression of Interest was received by the Deadline.

The acknowledgement of receipt does not constitute a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any other kind of assessment or acceptance of the same.

The Applicants may withdraw their Expression of Interest at any stage of the selection process, by sending (i) an email and (ii) a letter to the above-mentioned address.

7. Selection process

Financial Intermediaries shall be selected on the basis of EIF’s policies, rules, procedures and statutes and in conformity with best practices within an open, transparent, proportionate, non-discriminatory and objective selection procedure, avoiding conflicts of interest, taking into account the criteria and principles underpinning the OP, the criteria laid down in the CPR and the Delegate Act and Article 140 (1), (2) and (4) of Regulation 966/2012, and the experience and financial capacity of the Applicants.

In addition, the Expressions of Interest will be examined by the EIF on a comparative basis, using professional analysis and judgment, based on the Selection Criteria.

Following the receipt of the Expression of Interest, EIF shall assess the application(s) pursuant to the selection process outlined herewith. This process comprises:

1. Pre-selection;
2. Due diligence;
3. Selection.

Following the pre-selection based on the Expression of Interest, EIF shall perform a due diligence of the pre-selected Applicant(s), as a result of which EIF shall decide whether or not to approve the signature of an Operational Agreement, in accordance with its internal rules and procedures, under the FoF with the pre-selected Applicant.

The contractual negotiation process may not be considered concluded prior to the signature of the Operational Agreement in accordance with EIF's internal rules and procedures, and is in any case not concluded until EIF and the Applicants have agreed on all relevant terms and conditions.

Each of these three steps is described in more detail below from section 7.1 to section 7.3.

Applicants who are not initially considered for contractual negotiations may, subject to the EIF's discretion, be included on a reserve list, which unless cancelled or extended in writing by EIF, shall be valid up to 31 December 2022 (hereinafter, "Reserve List"). Applicants shall be notified by EIF of inclusion in the Reserve List.

In any phase of the selection process before entering into an Operational Agreement with an Applicant, EIF reserves full discretion to consider or not Applicants (and participating entities, in case of joint Expressions of Interest), and no Applicant or participating entity may have any claim or other right or may expect to be ultimately selected as Financial Intermediary. The negotiation of terms and conditions of the Operational Agreement does not entail any obligation for EIF to enter into such Operational Agreement with the relevant Applicants.

EIF will send a rejection notice to Applicants who's Expression of Interest was rejected during any stage of the selection process. EIF may, but shall not be obliged to provide reasons of such rejection.

Those Applicants, whose Expression of Interest is rejected, shall have the right to submit a written complaint about the selection process by e-mail and registered mail or professional courier service, to the same address used for the submission of the Expressions of Interest above, within thirty (30) days of receipt of the rejection notice. Responses to the relevant complaints will be dealt within the framework and in accordance with the EIB Group complaints policy (for further information visit <http://www.eib.org/infocentre/publications/all/complaints-mechanism-policy.htm>).

7.1 Pre-selection

Expressions of Interest will be assessed by the EIF for pre-selection on a comparative basis. When assessing the Expressions of Interest, EIF will use its professional analysis and judgment.

The pre-selection comprises:

1. Pre-selection stage 1: Eligibility assessment of the Expressions of Interest;
2. Pre-selection stage 2: Quality assessment of the Expressions of Interest.

7.1.1 Eligibility assessment of the Expressions of Interest

EIF will assess whether the Expressions of Interest for the Financial Instrument have been prepared in accordance with the provisions of this Call and comply with the Eligibility Criteria.

The Expressions of Interest that do not comply with the Eligibility Criteria will be rejected. Financial Intermediaries, whose application is rejected because of non-compliance with any of the elements reflected in the Declaration of Honour (Appendix 4 to the Expression of Interest), may not present themselves for consideration in subsequent Calls for Expression of Interest unless it is specifically evidenced that the reason for the exclusion no longer exists.

7.1.2 Quality assessment of the Expressions of Interest

After completing the assessment of the Eligibility Criteria, and after having obtained any additional information or clarifications from the Applicants, if and as needed, the EIF will perform the quality assessment of the Expressions of Interest according to the Quality Assessment Criteria. The assessment of Expressions of Interest at this stage will be conducted under competitive terms.

7.2. Due diligence

Top-ranked pre-selected Expressions of Interest will be followed up with the due diligence process, carried out in accordance with EIF's internal rules and procedures, where financial and operational matters relating to the financial instrument implementation shall be analysed in more detail.

The aim of the due diligence is to assess, inter alia, the ability to generate a qualitative deal flow, implement an appropriate and relevant investment/divestment strategy, the commitment of the Applicant, its experience, its systems and ability to comply with the reporting requirements. The due diligence normally comprises an on-site visit, which shall be determined at the discretion of the EIF. The due diligence process does not comprise legal negotiations. In addition, the EIF may decide to screen a certain number of Applicants via on-site meetings, which would take place physically in Romania prior to the due diligence stage and would not be part thereof. Both in the case of due diligence and screening meetings, the Applicants shall make themselves available to meet the EIF at a time and place to be designated by it.

7.3. Selection

Based on the pre-selection outcome and the outcome obtained following the due diligence, the EIF will decide either:

- 1) To select the Applicant, by way of EIF Board approval;
- 2) To put the Applicant on a Reserve List;
- 3) To reject the proposal from the Applicant.

Subject to a satisfactory outcome of the due diligence, EIF may request its Board of Directors approval to enter into (an) Operational Agreement(s) with the selected Applicant(s). The signature by EIF of the Operational Agreement(s) with the selected Applicant(s) shall further be subject to (i) successful commercial and legal negotiations, and (ii) the EIF internal approval of the transaction according to EIF own rules and procedures. EIF has no obligation to enter into an Operational Agreement(s) with the selected Applicant(s).

8. Publishing of information on the Financial Intermediaries and SMEs

EIF and/or the relevant Managing Authority may publish, from time to time, on their respective websites (as applicable) a list of the selected Financial Intermediaries, which may include the name and the registered addresses, types of the contract entered into and the respective amounts. EIF and/or Managing Authority may also publish a list of SMEs benefiting from the Operational Agreement(s), as further detailed in Annexes to this Call.

The Financial Intermediary may, prior to receiving financial support under a Financial Instrument, decide not to agree in writing to the publication requirement if it risks harming its commercial interests or risks threatening the rights and freedoms of individuals concerned as protected by the Charter of Fundamental Rights of the European Union in line with the EIF Data Protection Statement. In addition, such publication shall not be required if it would be illegal under the applicable laws and regulations.

9. EIF Transparency Policy

Within the framework of the EIF's Transparency Policy (the "EIF Transparency Policy"), EIF is committed to the guiding principle of promoting transparency with respect to its operational and institutional activities. Pursuant to this guiding principle, and in accordance with the EIB Group approach and undertakings to promote transparency and good administrative practice, EIF has adopted the practice of publishing the minutes of the Board of Directors ("Board Minutes") on its website, following their approval and signature.

The published Board Minutes only indicate those operations presented for decision which have been approved and, as a general rule, contain a summary indicating the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources.

The EIF Transparency Policy also recognises the need for EIF to balance transparency with confidentiality undertakings and the protection of commercially sensitive or personal data, with a view to EIF satisfying its legal obligations to, and maintaining the confidence and trust of, its business partners, investors and third parties.

Consequently, should an Application receive the relevant EIF internal authorisation for submission to EIF's Board of Directors and be approved by the Board of Directors thereafter, and should an Applicant deem that the publication of such a summary would expose sensitive or confidential information, for which there would be a compelling reason not to disclose, the Applicant shall make a declaration to that effect in the submission of the Expression of Interest resulting in the information in question being edited out of the published Board minutes and, subject to any applicable confidentiality undertakings, only being made public in connection with the signature of the operation in question.

ANNEXES

- Annex 1. Expression of Interest and relevant Appendixes templates
- Annex 2. Financial Instrument: Description and Selection Criteria

ANNEX 1 – EXPRESSION OF INTEREST

To:

European Investment Fund

Attention: Mandate Management, Equity

37B, avenue J.F. Kennedy

L-2968 Luxembourg

Call for Expression of Interest No.:

Call for EoI – R-FOF-RO 2016/03

Deadline for the submission of the Expression of Interest :

22 January 2018

Expression of Interest for Financial Instrument:

<Equity Fund(s) - Window> or <Co-Investment Facility(ies) - Window>

Applicant submitting the Expression of Interest:

_____, _____

(company name, registration number / standard identification code, if applicable)

Sir/Madam,

Herewith we are submitting our Expression of Interest on behalf of [Applicant] in response to the Call for Expression of Interest No. R-FOF-RO 2016/03 in the framework of the Regional FoF implemented through EIF acting as agent of the Government of Romania. Capitalised expressions utilised herein shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest.

The undersigned duly authorised to represent the [Applicant] [and Participating Entities], by signing this form certifies and declares:

- (i) that the information contained in this Expression of Interest and its Appendices is complete and correct in all its elements;
- (ii) to have read the EIF Anti-Fraud Policy;
- (iii) not to have made nor to make any offer of any type whatsoever from which an advantage can be derived under the Financial Instrument(s) and not to have granted nor to grant, not to have sought nor to seek, not to have attempted nor to attempt to obtain, and not to have accepted nor to accept, any advantage, financial or in kind, to or from any party whatsoever, constituting an illegal practice or involving corruption, either directly or indirectly, as an incentive or reward relating to signing of the Operational Agreement; and
- (iv) that the [Applicant] [and Participating Entities] does not perform illegal activities according to the applicable legislation in the countries of establishment.

For the purpose of the EIF Transparency Policy and subject to the approval of the relevant operation by the EIF Board of Directors, the Applicant, by signing this form:

[Please tick as appropriate]

- confirms that the Applicant and *[the Participating Entities]* agree(s) with the disclosure of summary information relevant to this transaction (the project name, the nature of the operation, the

geographical focus and the relevant EIF-managed resources) in the Board minutes published on EIF's website, following the approval and signature of said minutes

OR

- declares that (i) the Applicant and *[the Participating Entities]* request(s) the non-disclosure of summary information relevant to this transaction (the project name, the nature of the operation, the geographical focus and the relevant EIF-managed resources) in the Board minutes published on EIF's website, following the approval and signature of said minutes and (ii) such disclosure would undermine the protection of commercial interests¹ relevant to the operation.

Yours sincerely,

Signature(s):

Name and position in capitals:

Applicant's name:

Place:

Stamp of the Applicant (if applicable):

Date (day/month/year):

Appendixes to be submitted with the Expression of Interest:

Applicant Identification (Appendix 1)

Business Plan (based on elements listed in Appendix 2)

Applicant Documents (listed in Appendix 3)

Declaration of Honour (based on template in Appendix 4)

¹ Including by reason of such information being covered by a confidentiality agreement.

Appendix 1 to EXPRESSION OF INTEREST

APPLICANT IDENTIFICATION

1.1. Applicant identification

INFORMATION REQUIRED	
APPLICANT NAME	
CONTACT DETAILS	Address: Telephone: E-mail:
LEGAL FORM	
COMMERCIAL REGISTER , ETC. – REGISTRATION DETAILS (if applicable)	Denomination of register: Date of registration: Country of registration: Standard identification code / registration number, if applicable:

1.2. Person authorised to submit the Expression of Interest on behalf of the Applicant and appropriate evidence of such authorisation

INFORMATION REQUIRED	
TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	Address: Telephone: Fax: E-mail:

1.3. Contact person (if different from 1.2)

TITLE	Mr/Ms/Dr/other (delete or complete as appropriate)
NAME	Surname: Forename(s):
FUNCTION	
CONTACT DETAILS	Address: Telephone: Fax: E-mail:

Appendix 2 to EXPRESSION OF INTEREST BUSINESS PLAN

Applicants are asked to provide an investment proposal ("Business Plan") in relation to the Financial Instrument. The Business Plan should provide concise information on the following items:

Market

- Detailed description of the targeted market segment;
- Co-operation and/or competition in the relevant market segments;
- Marketing strategy of the instrument;

Investment strategy

- Financial Instrument option (either Equity Fund or Co-Investment Window);
- Minimum/Target/Maximum Equity Fund size or, in the case of Co-investment Window, a requested allocation, including rationale for it;
- Fund focus, including stage and sector, number of deals and ticket sizes at varying fund sizes and target returns;
- Strategy for generation of deal flow, for post-investment and exit strategy;
- Strategy for value-added to investees;
- Financial instruments (equity, quasi-equity) to be used;

Management

- Fund Manager team profile (current composition and expansion plans at scenarios at varying fund sizes), detailing who would be full-time dedicated to the fund and who would be part-time (describing side activities for the part-time members);
- Relevant team members' CVs (outlining main academic, professional and other relevant experience);
- List all board seats (if any) of the team members and how current activities will impact the operation of the fund;
- Description of the joint experience of the team members;
- Description of team members (investment professionals) to be located in Romania, and of their ability to communicate in English and Romanian;
- Timeline for establishment of team and presence in Romania (compulsory only in the case of Equity Fund(s) – Window);
- Credentials of efficient management for the whole of the life-span of the fund;
- Describe governance and legal structure foreseen;
- Information on members of the advisory or investment committees to be established;
- Applicant's risk management methodology, procedures and systems;
- Detail the shareholder base/ownership of the Applicant and the envisaged shareholder base for the fund management company, if it is planned to set up a new entity as a fund manager;
- Detail the history of the Applicant and its previous/existing business activities, particularly describing any activity having potential of conflicts of interest with the planned fund;
- Detail the carry allocation;
- Describe any linkages restricting the full independence of the management team and fund manager;
- Measures proposed to deal with potential conflicts of interest;
- Provide at least three to four references (including telephone numbers) for each team member (including where possible related to a transactions relevant to the proposed strategy: CEOs of investees, co-investors, other).

Track record

- Please provide, as of 30/06/2017: per team member(s) involved split in two sections - realised and unrealised: name of investee company, date of entry/exit, invested amount, ownership, proceeds received to date, entry/exit multiple, current valuation, multiple of cost, gross IRR, role of team member in transaction, describe relevance with the fund strategy, provide references;
- Where the track record involves equity funds, in addition to individual transaction information, net fund level returns should be included.

Terms and conditions

- Main economic terms, including management costs (operational budget of the Financial Instrument) and incentive structure proposed;
- Indicative investment from fund management company and the management team into the Fund, compulsory only in the case of Equity Fund(s) – Window;
- Indicative investment requested from the Regional FoF;
- Winding-up provisions of the Financial Instrument, including the return of resources from the Financial Instrument to the Regional FoF.
- Private investor commitment details (envisaged commitment and stage of discussion), compulsory only in the case of Equity Fund(s) – Window.

The business plan should be consistent also with the Selection Criteria in Annex 2.

There is no set expectation on the document's length, but the Applicants are encouraged to be concise.

Appendix 3 to EXPRESSION OF INTEREST

LIST OF APPLICANT DOCUMENTS TO ATTACH²

- 1) Copy of Applicant's registration Certificate, if applicable;
- 2) Copy of identity card, passport or any other document which can be used for identification purposes, for the Applicant's Representative;
- 3) Appropriate evidence of the representative's authorisation to act for and on behalf of the Applicant (signatory powers).

² Copies of original documents as well as uncertified translations in English would be sufficient.

Appendix 4 to EXPRESSION OF INTEREST

DECLARATION OF HONOUR

The undersigned [name of the signatory(ies) of this Declaration], representing the following legal person:
[name of the Applicant] (the "Financial Intermediary")

full official name:

official legal form:

full official address:

VAT registration number:

HEREBY declares that the Financial Intermediary is not in one of the following situations:

- a) the Financial Intermediary is as of the date of this declaration bankrupt or being wound up, is as of the date of this declaration having its affairs administered by the courts, in this context, has during the last five (5) years from the date of this declaration entered into an arrangement with creditors, has as of the date of this declaration suspended business activities, is as of the date of this declaration the subject of proceedings concerning those matters, or is as of the date of this declaration in any analogous situation arising from a similar procedure provided for in national legislation or regulations;
- b) during the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over it has been convicted of an offence concerning its professional conduct by a judgment which has the force of *res judicata*, which would affect its ability to implement the Financial Instrument. Alternatively, where such judgments exist the undersigned declares that the Financial Intermediary can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;
- c) during the last five (5) years from the date of this declaration, the Financial Intermediary or persons having powers of representation, decision-making or control over it has been the subject of a judgment which has force of *res judicata* for fraud, corruption, involvement in a criminal organisation, money laundering or any other illegal activity, where such illegal activity is detrimental to the Union's financial interests. Alternatively, where such judgments exist the undersigned declares that the Financial Intermediary can demonstrate that adequate measures have been adopted against the persons having powers of representation, decision making or control over it, who are subject to this judgment;
- d) as of the date of this declaration, the Financial Intermediary is guilty of misrepresentation in supplying information required for selection as a Financial Intermediary or fails to supply this information; and
- e) as of the date of this declaration, the Financial Intermediary is, to its knowledge, listed in the central exclusion database, established under Commission Regulation (EC, Euratom) No 1302/2008 of 17 December 2008 on the central exclusion database.

Full name

Date (day/month/year):

Signature(s)

ANNEX 2 - FINANCIAL INSTRUMENT: DESCRIPTION AND SELECTION CRITERIA

Part I: Description of the Financial Instrument

Capitalised expressions utilised herein shall have the meaning attributed to them in the above mentioned Call for Expression of Interest, unless otherwise defined below or the context requires otherwise. Unless the contrary intention appears, words in the singular include the plural and words in the plural include the singular.

1 Rationale

The purpose of the Financial Instrument is to support SMEs by providing funding in the form of either equity or quasi-equity in Romania.

2 Financial Instrument termsheets

See Appendixes 1 and 2 for respective termsheets of the Equity Fund(s) and Co-Investment Facility(ies). Applicants may opt for either one of the implementation options.

3 Common SELECTION CRITERIA for the Financial Intermediaries

The criteria apply to both the Equity Fund and the Co-Investment Facility Windows:

1.	ELIGIBILITY CRITERIA	System of appraisal
		Yes/ No
1.1.	The Expression of Interest is submitted within the Deadline;	
1.2.	The Expression of Interest is submitted both by registered mail and e-mail;	
1.3.	The Expression of Interest is completed and submitted in English;	
1.4.	The Expression of Interest is duly signed;	
1.5.	The Expression of Interest is prepared substantially in accordance with Annex 1 to the Call for Expression of Interest. All necessary supporting documents are provided.	
1.6.	The Declaration of Honour (Appendix 4 to Expression of Interest) is attached and duly signed;	
1.7.	Applicant's commitment for own investment in the Fund Vehicle as requested in the Description of the Financial Instrument;	
1.8.	Applicant has or adequately demonstrates that it will establish accounting system providing accurate, complete and reliable information in a timely manner;	
1.9.	Applicant has acknowledged and agreed, if selected, to keep, for itself and for the final recipients (investee companies), records as required under ESIF regulations and to allow and to provide access to documents related to the Financial Instrument for the representatives of the European Commission (including the European Anti-Fraud Office (OLAF)), the Court of Auditors of the European Communities, EIF, the Member State and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities.	

2.	QUALITY ASSESSMENT CRITERIA	WEIGHTING
2.1.	<p>Relevance</p> <p>2.1.1. Evaluation of the Fund Vehicle focus and proposed investment strategy, including viability of Fund Vehicle's size;</p> <p>2.1.2. Evaluation of the team profile, stability and ability to implement the Financial Instrument;</p> <p>2.1.3. Assessment of operational, financial, technical and private equity investment competences;</p> <p>2.1.4. Relevant track record of the Fund Manager team;</p> <p>2.1.5. Capability as members of boards and/or committees of an investment and/or advisory nature;</p> <p>2.1.6. Evaluation of Applicant's investment processes, including dealflow generation, ability to invest, ability to build companies and add value and exit strategy;</p> <p>2.1.7. Ability to demonstrate additional activity in comparison to present activity (only applicable to existing teams).</p>	55 points
2.2.	<p>Quality and Maturity</p> <p>2.2.1. Applicant's own investment in the fund;</p> <p>2.2.2. Demonstration of ability to source deals in relevant regions in Romania;</p> <p>2.2.3. Demonstration of ability to raise private financing, considering the requirements described in the product termsheet.</p>	20 points
2.3.	<p>Sustainability</p> <p>2.3.1. Fund Manager long-term viability;</p> <p>2.3.2. Assessment of the robustness and credibility of the envisaged methodology/procedures for identifying and appraising investees;</p> <p>2.3.4. Assessment of legal structures and independence;</p> <p>2.3.5. Terms and conditions, including management costs and fees, and incentive structure/profit share calculation methodology proposed;</p> <p>2.3.6. Assessment of the alignment of interests between the Fund Manager and Regional FoF, and of the measures to mitigate possible conflicts of interest;</p> <p>2.3.7. Assessment of reporting procedures;</p> <p>2.3.8. Terms and conditions applied in relation to financing provided to investees, including pricing.</p>	20 points
2.4.	<p>Compliance with Regional Operational Programme objective</p> <p>The investment strategy's compliance with the OP's objective to improve competitiveness of Romanian SMEs.</p>	5 points

Appendix 1 – Termsheet, Equity Fund(s) Window

Financial Instrument	Equity Fund(s) Window
Fund Manager	<p>The Fund Manager, selected by EIF to manage the Financial Instrument, will typically comprise a team with relevant venture capital, private equity, mezzanine, and/ or technology transfer and industry experience. Established, emerging and first time management teams will also be considered.</p> <p>The Fund Manager must operate the Financial Instrument according to applicable industry practices, meaning (among others) that it must act with the diligence of a professional manager in good faith and avoiding conflicts of interest.</p> <p>One or more Fund Managers could be selected as a result of the Call for Expression of Interest and subsequent selection process.</p>
Description of the Financial Instrument	EIF will commit the FoF's resources as well as other resources under EIF management to (a) newly established Equity Fund(s), actively managed by a Fund Manager(s), which shall invest in Eligible Investees.
Fund Vehicle	To be incorporated in the form of a limited liability vehicle, the structure of which is to be proposed by the Fund Manager and agreed by the EIF.
Envisaged state aid regime	<p>Investments into SMEs shall be made in line with the requirements set out in the RCG (Guidelines on State aid to promote risk finance investments - 2014/C 19/04) and shall not entail state aid so long as they comply with the market economy operator test as defined in the RCG, namely:</p> <ul style="list-style-type: none"> • Each investment into an SME will be in line with the market economy operator test, as per Section 2.1 "The market economy operator test" of the RCG (points 29-45) as amended, revised or updated from time to time, and thus not to constitute State aid, if it is effected pari passu between public and private investors. • An investment is considered pari passu when it is made under the same terms and conditions by public and private investors, where both categories of operators intervene simultaneously and where the intervention of the private investor is of real economic significance, meaning that minimum 30% of the investment is provided by private investors independent from the SME in which the investment is made.
Investment focus	Eligible Investees predominantly in the expansion/growth stage of their development.
Investment range	Up to a certain threshold (to be agreed with EIF) of the total fund size in any single investee (possibility of exceeding such a limit with EIF's or advisory board consent (whichever applicable)).

Eligible Investees	<p>Eligible micro, small or medium-sized enterprises (SMEs) and respective eligible activities to be financed shall comply with the following criteria:</p> <ol style="list-style-type: none"> 1. The investee is an SME³ at the date of the investment, with at least one year of experience; AND 2. The investee is not an enterprise in difficulty, as defined by the General Block Exemption Regulation⁴ (GBER) Article 2(18); AND 3. The activity financed is identified as eligible in the eligible NACE codes list approved by Decision of the Regional OP Monitoring Committee 20/24.11.2016 regarding the approval of the list of eligible sectors within the investment priority 2.2. "Supporting the creation and the extension of advanced capacities for product and service development" (available at http://www.inforegio.ro/ro/decizii-por-2014-2020.html). <p>The investee shall not be engaged in any of the sectors listed under "Prohibited types of sectors and activities".</p> <p>The investees shall not be listed on the stock exchange.</p>
Place of business of Eligible Investees	<p>The Fund Manager shall invest only into Eligible Investees established and having their main business in all the development regions within Romania, with the exception of the development region Bucharest-Ilfov⁵, as to be determined based on the place of registration of the SME headquarters and/or branch where the eligible activity is undertaken.</p>
Replacement capital	<p>The fund can provide replacement capital⁶ only if it is combined with new capital representing at least 50% of each investment round into the enterprise.</p>
Private Investors	<p>Private Investors shall be deemed to be any investors which are normal economic operators (i.e. investors operating in circumstances corresponding to the market economy investor principle in a free market economy, irrespective of the legal nature and ownership structure of such operators, to the extent that they bear the full risk in respect of their investment). In this context, funding with resources, which are not State resources within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union, is considered to be provided by Private Investors.</p>

³ As defined, as applicable, in the Commission Recommendation 2003/361/EC of 6 May 2003, and in the Annex 1 of Commission Regulation (EU) No 651/2014 of 17 June 2014, as amended from time to time concerning the definition of micro, small and medium-sized enterprises.

⁴ Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty

⁵ Please see http://ec.europa.eu/regional_policy/sources/information/cohesion-policy-achievement-and-future-investment/factsheet/romania_en.pdf.

⁶ The purchase of a stake of existing shares in a company from another private equity firm or from another shareholder or shareholders.

<p>Other resources under EIF management</p>	<p>Subject to availability and to EIF determining, in its own discretion, that such co-investment complies with the EIF's requirements and relevant mandate's requirements, EIF may undertake to co-invest systematically and pari-passu an amount up to 30% of the capital committed in each Financial Instrument, thereby sharing exactly the same upside and downside risks and rewards and holding the same level of subordination in relation to the same risk class, via the same investment transaction.</p>
<p>Private Investor contribution</p>	<p>Each Fund Manager is required to raise an amount equal to at least 30% from market oriented investors in accordance with the Guidelines on State aid to promote risk finance investments (2014/C 19/04).</p> <p>The other resources under EIF management might be considered as a commitment from a market oriented investor in order to address the requirement of market economy operator test as stipulated in Guidelines on State aid to promote risk finance investments (2014/C 19/04).</p> <p>Applicants are encouraged and expected, to the extent possible given the market circumstances, at catalysing additional private investor contribution other than the other resources under EIF management.</p>
<p>Investment period of the Financial Instrument</p>	<p>No longer than 5 years⁷ with a potential extension of one additional year, subject to EIF's or Advisory Board consent (whichever applicable).</p>
<p>Follow-on investments</p>	<p>Provided that the following conditions are met:</p> <p>(1) EIF has made a commitment to the fund, through the signing of an agreement with the Fund Manager before 31 December 2017 (or a later date in case of changes in the CPR regulation), and</p> <p>(2) at least 55% of the commitments are invested in Eligible Investees by 31 December 2023 (or a later date in case of changes in the CPR regulation), up to 20% of net invested capital (i.e. capital invested in Eligible Investees minus returns and/or proceeds) as of 31 December 2023 (or a later date in case of changes in the CPR regulation), can be allocated for follow-ons in Eligible Investees after 31 December 2023 (or a later date in case of changes in the CPR regulation). The period through which follow-on investments can be made cannot exceed four years after 31 December 2023 (or a later date in case of changes in the CPR regulation). For avoidance of doubt, follow-on investments in Eligible Investees are allowed before the aforementioned deadline subject to respecting the diversification rules set as per the Investment Range above.</p> <p>If the above follow-on capacity would not allow fully executing the fund investment strategy, further solutions may be analysed.</p>

⁷ In no case initial investments can be made after the end of the eligibility period on 31 December 2023 (or a later date in case of changes in the CPR regulation)

Type of financing	Equity and / or quasi-equity.
Fund duration	10 + 1 + 1 years (with extensions subject to the consent of investors, including EIF).
Fund Manager's commitment	The commitment made by the Fund Manager or any of its employees to the Financial Intermediary. To be assessed against the objectives of the Financial Instrument and broader financial position of the manager's team.
Management fee basis	A fixed rate paid on the committed capital during the investment period, and on the invested capital (acquisition cost of the active portfolio of the fund reduced by the acquisition cost of the fund's investments that have been sold, written-off or written-down value not exceeding [x]% of their acquisition cost for a period of [y] consecutive quarters) thereafter (to be discussed). Alternatively a fixed-fee for the post investment period could be considered.
Management fee and cost cap	<p>The management fee and costs cap shall be deemed to include any fees, expenses and costs necessary to set up, manage and wind-up the fund including all transaction costs.</p> <p>The aggregate management fee and costs paid to the Fund Manager throughout the fund duration will be negotiated with the EIF, but must not exceed 20% of capital commitments under any circumstance.</p>
Regulatory provisions on management fees and costs	<p>According to Article 13 (2) of the Delegated Act, management costs and fees shall not exceed the sum of:</p> <p>(a) a base remuneration which shall be calculated as follows: for a financial instrument providing equity, 2.5 % per annum for the first 24 months after the signature of the funding agreement, thereafter 1 % per annum, of programme contributions committed under the relevant funding agreement to the financial instrument, calculated pro-rata temporis from the date of signature of the relevant funding agreement until the end of the eligibility period, repayment of the contributions to the managing authority or to the fund of funds, or the date of winding up, whichever is earlier; and</p> <p>(b) a performance-based remuneration which shall be calculated as follows: for a financial instrument providing equity, 2.5 % per annum of the programme contributions paid within the meaning of Article 42(1)(a) of the Common Provisions Regulation to final recipients in the form of equity, as well as of resources re-invested which are attributable to programme contributions, which have yet to be paid back to the financial instrument, calculated pro rata temporis from the date of payment to the final recipient until repayment of the investment, the end of the recovery procedure in the case of write-offs or the end of the eligibility period, whichever is earlier.</p> <p>In case the majority of the capital committed in the Financial Instrument is provided by private investors or public investors</p>

	<p>operating under the market economy principle and the programme contribution is provided <i>pari passu</i> with the former, the management costs and fees shall conform to market terms and shall not exceed those payable by the private investors, in line with Article 13.5 of the Delegated Act.</p> <p>The selection of fund managers through this Call for Expression of Interest constitutes a selection through a competitive tender for the purposes of Article 13(6) of the Delegated Act. As a result, the management costs and fees caps referred to in Article 13(2) and (3) of the Delegated Act may be exceeded (i.e. applicants may propose different thresholds than the ones listed in the previously mentioned articles) if the outcome of the Call for Expression of Interest proves the need for higher management costs and fees.</p> <p>In line with article 14.3 of the Delegated Act, capitalised management costs and fees to be paid after the eligibility period for a financial instrument providing equity shall not exceed 1.5 % per annum of the programme contributions paid to the final recipients within the meaning of Article 42(1)(a) of the CPR in the form of equity, which have yet to be paid back to the financial instrument, calculated <i>pro rata temporis</i> from the end of the eligibility period until repayment of the investment, the end of the recovery procedure in the case of defaults or the period referred to in Article 42(2) of that Regulation, whichever is earlier.</p> <p>Furthermore, pursuant to Article 13 (3) of the Delegated Act, the aggregate amount of management costs and fees over the eligibility period laid down in Article 65(2) of the CPR shall not exceed the following limits: for a financial instrument providing equity, 20 % of the total amount of programme contributions paid to the financial instrument.</p>
<p>Distribution cascade / carried interest</p>	<p>It shall envisage the accrual of carried interest / an incentive fee in favour of the Fund Manager upon the Equity Fund investors having received back their disbursements (or alternatively total commitments to the Fund) plus an additional preferred return (rate to be agreed).</p>
<p>Compliance</p>	<p>The Applicant shall refer to EIF Policies, in particular:</p> <ul style="list-style-type: none"> - Anti Fraud Policy⁸; - Policy on Offshore Financial Centres & Governance Transparency⁹; <p>All as published on the EIF website.</p> <p>Clear procedures for KYC/AML and integrity checks on the sourced Private Investors and management of conflicts of interest shall be implemented by the Fund Manager in line with requirements of national legislation.</p>

⁸ http://www.eif.org/news_centre/publications/anti_fraud_policy.htm

⁹ http://www.eif.org/news_centre/publications/2009_Policy_on_Offshore_Financial_Centres_and_Governance_Transparency.htm

<p>Prohibited types of investees and activities</p>	<p>The Eligible Investees shall not have a substantial focus on one or more Restricted Sectors as set out in the “Guidelines on the EIF Restricted Sectors” available for download on www.eif.org¹⁰.</p> <p>Furthermore, investments in the following types of investees and activities cannot be supported in accordance with art 3.3 of the CPR:</p> <ul style="list-style-type: none"> • the decommissioning or the construction of nuclear power stations; • investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC; • the manufacturing, processing and marketing of tobacco and tobacco products; • undertakings in difficulty, as defined under EU state aid rules; • investment in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact.
<p>Publicity</p>	<p>The Fund Manager will have to carry out adequate publicity activities and ensure visibility of European Structural and Investment Funds (ESIF) financing in line with ESIF requirements, to be specified in the Operational Agreement.</p>
<p>Reporting</p>	<p>The Fund Manager will provide EIF with periodical information in a standardised form and scope as per Invest Europe guidelines for reporting, in compliance with ESIF regulations and national requirements, as to be specified in the Operational Agreement.</p> <p>It is important to note that ESIF and state aid reporting rules will require Fund Managers to provide new data points (such as a split between base and performance management fees and the split between private and public nature of investors) which typically are not being tracked and a higher granularity of data (such as but not limited to Level 2 NACE and NUTS codes and country fiscal numbers). Furthermore, the Fund Manager should report any additional data that may derive from future changes to the ESIF regulations.</p>
<p>Monitoring and Audit</p>	<p>The Fund Manager and the investee companies shall agree to keep records as required under ESIF regulations and to allow and to provide access to documents related to the Financial Instrument for the representatives of the European Commission (including the European Anti-Fraud Office (OLAF)), the Court of Auditors of the European Communities, EIF, the MS and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities. To that effect, the Fund Manager shall include appropriate provisions in each investment agreement.</p>

¹⁰ http://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm

	<p>A quarterly meeting shall be held with the EIF in order to decide on those matters concerning the Fund that would be decided at the level of an advisory board of a typical private equity fund. Alternatively, an advisory board will be held on a regular basis (periodicity of meetings to be determined by the EIF).</p>
Fund's due diligence before investments	<p>The Fund Manager will make investment decisions based on each investee's business plan, which should contain product description, turnover and profitability calculations and forecasts, previous assessment of project viability, as well as each investment's clear and real exit strategy. A full arms' length due diligence of the potential investees shall be carried out by the Fund Manager.</p>
Additional features of the Financial Intermediary	<p>The Fund Manager will manage the equity fund based on commercial principles. In the management of the fund, the Fund Manager shall perform controls as required by the public nature of the FoF investment.</p>
Additional requirements	<p>When selecting a Financial Intermediary, the selection panel shall satisfy itself that this intermediary fulfils the requirements set out in Delegated Act. The Fund Manager shall ensure compliance with applicable law, including rules covering the ESIF and relevant national law and regulations, state aid, money laundering, the fight against terrorism and tax fraud. The Fund Manager may, in line with its internal rules and procedures and particularly in the cases where fraudulent behaviour is suspected, be required to perform monitoring checks at the level of the investee companies.</p> <p>The fund shall not be established and shall not maintain business relations with entities incorporated in territories, whose jurisdictions do not cooperate with European Union in relation to the application of the internationally agreed tax standards and shall transpose such requirements in its contracts with final beneficiaries.</p> <p>The fund shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject. Funds (and sub-intermediaries) shall not be incorporated in territories whose jurisdictions does not co-operate with the EU in relation to the application of internationally agreed tax standards. Each applying Financial Intermediary may inquire about the status of a particular jurisdiction with EIF.</p> <p>The fund will be required to return amounts invested which become affected by irregularities. For irregularities affecting amounts invested by the fund into target SMEs, the fund will be required to apply all applicable contractual and legal measures with due diligence for the purpose of recovering the relevant amounts.</p>

Appendix 2 – Termsheet, Co-investment Facility Window

Financial Instrument	Co-Investment Facility Window
Fund Manager	<p>The Fund Manager, selected by EIF to manage the Financial Instrument, will typically comprise a team with relevant venture capital, private equity, mezzanine, and/ or technology transfer and industry experience. Established, emerging and first time management teams will be considered.</p> <p>The Fund Manager must operate the Financial Instrument according to applicable industry practices, meaning (among others) that it must act with the diligence of a professional manager in good faith and avoiding conflicts of interest.</p> <p>One or more Fund Managers could be selected as a result of the Call for Expression of Interest and subsequent selection process.</p>
Description of the Financial Instrument	EIF will commit the FoF's resources, as well as other resources under EIF management, for co-investments into eligible investees, thereby effectively establishing (a) Co-Investment Facility(ies) which shall co-invest either systematically or on a selected basis, but always pari-passu, in each deal that the already established fund(s) managed by the selected Fund Manager(s) make(s) in Eligible Investees established within the Investment Focus of the Financial Instrument.
Co-Investment Vehicle	<p>All co-investments undertaken alongside the FoF shall be done through a limited liability vehicle, the structure of which is to be proposed by the Fund Manager and agreed by the EIF. To the extent possible, such structure shall replicate the existing legal structure of the fund(s) which the Financial Instrument co-invests with.</p> <p>The Financial Instrument will invest through the Co-Investment Vehicle, managed and controlled by the Fund Manager, and will be the only investor in the Co-Investment Vehicle. EIF will not engage in making direct co-investments into Eligible Beneficiaries.</p>
Envisaged state aid regime	<p>Investments into SMEs shall be made in line with the requirements set out in the RCG (Guidelines on State aid to promote risk finance investments - 2014/C 19/04) and shall not entail state aid so long as they comply with the market economy operator test as defined in the RCG, namely:</p> <ul style="list-style-type: none"> • Each investment into an SME will be in line with the market economy operator test, as per Section 2.1 "The market economy operator test" of the RCG (points 29-45) as amended, revised or updated from time to time, and thus not to constitute State aid, if it is effected pari passu between public and private investors. • An investment is considered pari passu when it is made under the same terms and conditions by public and private investors, where both categories of operators intervene simultaneously and where the intervention of the private investor is of real economic significance, meaning that minimum 30% of the investment is provided by private investors independent from the SME in which the investment is made.

Investment focus	Co-investments into Eligible Investees, on the basis of co-investment agreement(s) with the selected Fund Manager(s) managing already established fund(s), in the expansion/growth stage of their development.
Eligible Investees	<p>Eligible micro, small or medium-sized enterprises (SMEs) and respective eligible activities to be financed shall comply with the following criteria:</p> <ol style="list-style-type: none"> 1. The investee is an SME¹¹ at the date of the investment, with at least one year of experience; AND 2. The investee is not an enterprise in difficulty, as defined by the General Block Exemption Regulation¹² (GBER) Article 2(18); AND 3. The activity financed is identified as eligible in the NACE codes list approved by Decision of the Regional OP Monitoring Committee 20/24.11.2016 regarding the approval of the list of eligible sectors within the investment priority 2.2. "Supporting the creation and the extension of advanced capacities for product and service development" (available at http://www.inforegio.ro/ro/decizii-por-2014-2020.html). <p>The investee shall not be engaged in any of the sectors listed under "Prohibited types of investees and activities".</p> <p>The investees shall not be listed on the stock exchange.</p>
Replacement capital	The fund can provide replacement capital ¹³ only if it is combined with new capital representing at least 50% of each investment round into the enterprise. Changes to the previously mentioned proportion could be possible based on the final co-investment ratio between the Financial Instrument and the established fund(s) managed by the selected Fund Manager(s) that is to be discussed and agreed as part of the selection process.
Place of business of Eligible Investees	The Fund Manager shall co-invest only into Eligible Investees established and having their main business in all the development regions within Romania, with the exception of the development region Bucharest-Ifov ¹⁴ , as to be determined based on the place of registration of the SME headquarters and/or branch where the eligible activity is undertaken.
Private Investors	Private Investors shall be deemed to be any investors which are normal economic operators (i.e. investors operating in circumstances corresponding to the market economy investor principle in a free market economy, irrespective of the legal nature and ownership structure of such operators, to the extent that they bear the full risk in respect of their investment). In this context, funding with resources which are not State resources within the meaning of Article 107(1) of the Treaty on the Functioning of the European Union is considered to be provided by Private Investors.
Other resources under	Subject to availability and to EIF determining, in its own discretion, that

¹¹ As defined, as applicable, in the Commission Recommendation 2003/361/EC of 6 May 2003, and in the Annex 1 of Commission Regulation (EU) No 651/2014 of 17 June 2014, as amended from time to time concerning the definition of micro, small and medium-sized enterprises.

¹² Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty

¹³ The purchase of a stake of existing shares in a company from another private equity firm or from another shareholder or shareholders.

¹⁴ Please see http://ec.europa.eu/regional_policy/sources/information/cohesion-policy-achievement-and-future-investment/factsheet/romania_en.pdf

EIF management	such co-investment complies with the EIF's and relevant mandate's requirements, EIF may undertake to co-invest systematically and pari-passu an amount up to 30% of the capital committed in each Financial Instrument, thereby sharing exactly the same upside and downside risks and rewards and holding the same level of subordination in relation to the same risk class, via the same investment transaction.
Private Investor contribution	<p>Each selected Fund Manager(s) will be required to co-invest systematically and pari-passu in each and every deal under the Co-Investment Facility, through its already established fund(s). The ratio of co-investment between the funds managed by the Fund Manager(s) and the Financial Instrument will be determined on a case by case basis but will in no case be lower than the requirement of market economy operator test as stipulated in Guidelines on State aid to promote risk finance investments (2014/C 19/04).</p> <p>Should the source of the capital committed to the established fund(s) managed by the selected Fund Manager(s) be partially/fully compliant with the Private Investors definition as per above, such resources could be partially/fully considered as private investor contribution when co-invested alongside the Financial Instrument.</p> <p>For avoidance of doubt the Fund Manager could, on its own discretion, make investments in the Bucharest-Ilfov region, through other fund(s) managed by them.</p>
Investment period of the Financial Instrument	The lower of the Existing Fund's term and 5 years ¹⁵ , with a potential extension of one additional year subject to EIF's consent.
Follow-on investments	<p>Provided that the following conditions are met:</p> <p>(1) EIF has made a commitment to the fund, through the signing of an agreement with the Fund Manager before 31 December 2017 (or a later date in case of changes in the CPR regulation), and</p> <p>(2) at least 55% of the commitments are invested in Eligible Investees by 31 December 2023 (or a later date in case of changes in the CPR regulation), up to 20% of net invested capital (i.e. capital invested in Eligible Investees minus returns and/or proceeds) as of 31 December 2023 (or a later date in case of changes in the CPR regulation), can be allocated for follow-ons in Eligible Investees after 31 December 2023 (or a later date in case of changes in the CPR regulation). The period through which follow-on investments can be made cannot exceed four years after 31 December 2023 (or a later date in case of changes in the CPR regulation). For avoidance of doubt, follow-on investments in Eligible Investees are allowed before the aforementioned deadline subject to respecting the diversification rules set as per Investment Range above.</p> <p>If the above follow-on capacity would not allow fully executing the fund investment strategy, further solutions may be analysed.</p>
Type of financing	Equity and / or quasi-equity.
Facility duration	10 + 1 + 1 years (with extensions being subject to an investor or advisory board approval).

¹⁵ In no case can initial investments be made after the end of the eligibility period on 31 December 2023.

Fund Manager's commitment	There will be no commitment by the Fund Manager in the Co-Investment Facility. The selected Fund Manager(s) shall have a commitment to the already established fund(s).
Management fee / cost coverage basis	<p>Either:</p> <ol style="list-style-type: none"> 1) Co-Investment Facility and the Fund Manager shall bear documented third party expenses directly attributable to the completion of the investments pro-rata to the co-investing ratio. These expenses shall include, where necessary, notarial costs and reasonable costs of legal and tax advice provided by third parties (that is, by parties other than the Fund Manager, the investee or any of their affiliates) in connection with purchase or sale transactions and any transaction taxes. For the avoidance of doubt, it shall exclude finders' fees or similar fees for the brokerage of investment opportunities incurred when making an investment. Cost coverage is subject to a cap for a single investment in investee of EUR [X] thousand (to be discussed); or 2) Management Fee may be paid on either: <ol style="list-style-type: none"> a. the invested capital (acquisition cost of the active portfolio of the facility reduced by the acquisition cost of the facility's investments that have been sold, written-off or written-down), or b. committed capital by the EIF to the co-investment facility during the investment period, and thereafter the aggregate cost of active investments until the end of the duration of the co-investment agreement. <p>The choice of the Management Fee scheme will depend on the negotiations with the EIF and, <i>inter alia</i>, on the choice of compulsory or discretionary co-investment regime eventually negotiated / implemented.</p>
Management fee and cost cap	The aggregate costs paid by the Co-Investment Facility throughout its duration must not exceed a percentage amount in relation to the capital commitments, which is to be agreed with the EIF.
Regulatory provisions on management fees and costs	<p>According to Article 13 (2) of the Delegated Act management costs and fees shall not exceed the sum of:</p> <ol style="list-style-type: none"> (a) a base remuneration which shall be calculated as follows: for a financial instrument providing equity, 2,5 % per annum for the first 24 months after the signature of the funding agreement, thereafter 1 % per annum, of programme contributions committed under the relevant funding agreement to the financial instrument, calculated pro-rata temporis from the date of signature of the relevant funding agreement until the end of the eligibility period, repayment of the contributions to the managing authority or to the fund of funds, or the date of winding up, whichever is earlier; and (b) a performance-based remuneration which shall be calculated as follows: for a financial instrument providing equity, 2,5 % per annum of the programme contributions paid within the meaning of Article 42(1)(a) of the CPR to final recipients in the form of equity, as well as of resources re-invested which are attributable to programme contributions, which have yet to be paid back to the financial

	<p>instrument, calculated pro rata temporis from the date of payment to the final recipient until repayment of the investment, the end of the recovery procedure in the case of write-offs or the end of the eligibility period, whichever is earlier.</p> <p>In case the majority of the capital committed in the Financial Instrument is provided by private investors or public investors operating under the market economy principle and the programme contribution is provided pari passu with the former, the management costs and fees shall conform to market terms and shall not exceed those payable by the private investors.</p> <p>The selection of funds through this Call for Expression of Interest constitutes a selection through a competitive tender for the purposes of Article 13(6) of the Delegated Act. As a result, the management costs and fees caps referred to in Article 13(2) and (3) of the Delegated Act could be exceeded (i.e. applicants could propose different thresholds than the ones listed in the previously mentioned articles) if the outcome of the Call for Expression of Interest proves the need for higher management costs and fees.</p> <p>Capitalised management costs and fees to be paid after the eligibility period for a financial instrument providing equity shall not exceed 1.5 % per annum of the programme contributions paid to the final recipients within the meaning of Article 42(1)(a) of the CPR in the form of equity, which have yet to be paid back to the financial instrument, calculated pro rata temporis from the end of the eligibility period until repayment of the investment, the end of the recovery procedure in the case of defaults or the period referred to in Article 42(2) of that Regulation, whichever is earlier.</p> <p>Furthermore, pursuant to Article 13 (3) of the Delegated Act. The aggregate amount of management costs and fees over the eligibility period laid down in Article 65(2) of the CPR shall not exceed the following limits: for a financial instrument providing equity, 20 % of the total amount of programme contributions paid to the financial instrument.</p>
<p>Distribution cascade / carried interest</p>	<p>Due to the specificity of the underlying instrument the distribution cascade shall be discussed and agreed between the EIF and the selected Fund Manager(s). It shall envisage the accrual of carried interest / an incentive fee in favour of the Fund Manager, but only provided that such a possibility is foreseen in the legal documentation of the fund(s) manager by the selected Fund Manager(s).</p>
<p>Exercise of Co-Investment Facility's rights</p>	<p>The Fund Manager will exercise the rights of the Co-Investment Facility in respect of the investee in the same manner as the Fund Manager exercises the rights on behalf of the investing fund(s). The Fund Manager will ensure that the Co-Investment Facility is treated equally with the fund(s) in respect of their interests in the investee(s).</p>
<p>Compliance</p>	<p>The Applicant shall refer to EIF Policies, in particular:</p> <ul style="list-style-type: none"> - Anti Fraud Policy¹⁶; - Policy on Offshore Financial Centres & Governance Transparency¹⁷;

¹⁶ http://www.eif.org/news_centre/publications/anti_fraud_policy.htm

	<p>All as published on the EIF website.</p> <p>Clear procedures for KYC/AML and integrity checks on the sourced Private Investors and management of conflicts of interest shall be implemented by the Fund Manager in line with requirements of national legislation.</p>
Prohibited types of investees and activities	<p>The Eligible Investees shall not have a substantial focus on one or more Restricted Sectors as set out in the “Guidelines on the EIF Restricted Sectors” available for download on www.eif.org¹⁸.</p> <p>Furthermore, investments in the following types of investees and activities cannot be supported accordance with art 3.3 of REGULATION (EU) No 1301/2013:</p> <ul style="list-style-type: none"> • the decommissioning or the construction of nuclear power stations; • investment to achieve the reduction of greenhouse gas emissions from activities listed in Annex I to Directive 2003/87/EC; • the manufacturing, processing and marketing of tobacco and tobacco products; • undertakings in difficulty, as defined under EU state aid rules; • investment in airport infrastructure unless related to environmental protection or accompanied by investment necessary to mitigate or reduce its negative environmental impact.
Publicity	<p>The Fund Manager will have to carry out adequate publicity activities and ensure visibility of European Structural and Investment Funds (ESIF) financing in line with ESIF requirements, to be specified in the Operational Agreement.</p>
Reporting	<p>The Fund Manager will provide EIF with periodical information in a standardised form and scope as per Invest Europe guidelines for reporting, in compliance with ESIF regulations and national requirements, as to be specified in the Operational Agreement.</p> <p>Furthermore, the Fund Manager could be asked to report any additional data that may derive from future changes to the ESIF regulations.</p>
Monitoring and Audit	<p>The Fund Manager and the investee companies shall agree to keep records as required under ESIF regulations and to allow and to provide access to documents related to the Financial Instrument for the representatives of the European Commission (including the European Anti-Fraud Office (OLAF)), the Court of Auditors of the European Communities, EIF, Managing Authority and any other authorised bodies duly empowered by applicable law to carry out audit and/or control activities. To that effect, the Fund Manager shall include appropriate provisions in each investment agreement.</p>
Due diligence before investments	<p>The Fund Manager will make investment decisions based on each investment’s business plan, which should contain product description,</p>

¹⁷ http://www.eif.org/news_centre/publications/2009_Policy_on_Offshore_Financial_Centres_and_Governance_Transparency.htm

¹⁸ http://www.eif.org/news_centre/publications/2010_Guidelines_for_Restricted_Sectors.htm

	turnover and profitability calculations and forecasts, previous assessment of project viability, as well as each investment's clear and real exit strategy. A full arms' length due diligence shall be carried out by the selected Fund Manager(s).
Additional features of the Financial Intermediary	<p>The Fund Manager(s) of the established fund(s) will co-invest with the Co-Investment Facility based on commercial principles.</p> <p>Due to the nature of the facility EIF is to review and advice on usual issues addressed by an advisory board in conventional fund structures.</p> <p>In making investment, the Fund Manager shall apply best practices, inter alia considering guidelines developed by Invest Europe and ILPA, and shall perform controls as required by the public nature of FoF investment.</p>
Additional requirements	<p>When selecting a Financial Intermediary, the selection panel shall satisfy itself that this intermediary fulfils the requirements set out in Delegated Act. The Fund Manager shall ensure compliance with applicable law, including rules covering the ESIF and relevant national law and regulations, state aid, money laundering, the fight against terrorism and tax fraud. The Fund Manager may, in line with its internal rules and procedures and particularly in the cases where fraudulent behaviour is suspected, be required to perform monitoring checks at the level of the investee companies.</p> <p>The fund shall not be established and shall not maintain business relations with entities incorporated in territories, whose jurisdictions do not cooperate with European Union in relation to the application of the internationally agreed tax standards and shall transpose such requirements in its contracts with final beneficiaries.</p> <p>The fund shall comply with relevant standards and applicable legislation on the prevention of money laundering, the fight against terrorism and tax fraud to which they may be subject. Funds (and sub-intermediaries) shall not be incorporated in territories whose jurisdictions does not co-operate with the EU in relation to the application of internationally agreed tax standards. Each applying Financial Intermediary may inquire about the status of a particular jurisdiction with EIF.</p> <p>The fund will be required to return amounts invested which become affected by irregularities. For irregularities affecting amounts invested by the fund into target SMEs, the fund will be required to apply all applicable contractual and legal measures with due diligence for the purpose of recovering the relevant amounts.</p>