



**RISK SHARING INSTRUMENT
FOR RESEARCH & DEVELOPMENT & INNOVATION DRIVEN SMES AND SMALL MID-
CAPS
(RSI)**

**AMENDED CALL FOR EXPRESSION OF INTEREST
TO SELECT FINANCIAL INTERMEDIARIES UNDER RSI
(Published on 7 March 2013)**

The objective of this amended Call for Expression of Interest, launched by the European Investment Fund, is to select eligible financial institutions to become Financial Intermediaries under RSI Guarantees and RSI Counter-Guarantees, as further described below.

1. Amendment of the Call for Expression of Interest

The initial Call of Expression of Interest published on 6 February 2012 was addressed only to Financial Intermediaries applying for RSI Guarantees.

Following the extension of the RSI Facility (as further described in the section 3 below) the Call for Expression of Interest has now been opened to guarantee institutions, which may apply for the RSI Counter-Guarantee.

Accordingly, this amended Call for Expression of Interest amends and supersedes the initial Call for Expression of Interest as published on 6 February 2012.

All applications for RSI Guarantees and/or RSI Counter-Guarantees to be submitted to the EIF after 7 March 2013 shall conform to this amended Call for Expression of Interest.

2. Creation of the RSI Facility

The European Commission Decision C(2011) 8606 of 25 November 2011 established the Risk Sharing Instrument for Research, Development & Innovation driven SMEs and small mid-caps ("*RSI*", "*RSI Facility*").

The RSI is a separate compartment of the Risk Sharing Finance Facility established by the Fourth amendment of the Risk-Sharing Finance Facility Co-Operation Agreement ("*RSFF*"), signed between the European Union and the European Investment Bank on 5 December 2011.

The RSI Facility has been initially structured in the form of a pilot guarantee scheme for the benefit of R&D and/or innovation driven SMEs and Small Mid-caps. Guarantees to be entered into pursuant to the EIF scheme ("*RSI Guarantee*") are further described in the Annex II to this Call for Expression of Interest.

Subsequently the RSI Facility has been extended as described below.

3. Extension of the RSI Facility

Following the launch of RSI and in response to the high market demand for the RSI Guarantee, additional budgetary resources have been allocated to the RSI. The European Commission Decision C(2012) 9899 of 8 January 2013 allows for increasing the volume of RSI Guarantees provided by the EIF to Financial Intermediaries lending to R&D and/or innovation driven SMEs and Small Mid-caps as well as for introducing a new counter-guarantee mechanism. The extension of the RSI Facility was made effective by the Sixth Amendment of the RSFF signed between the European Union and the European Investment Bank on 22 January 2013.

Counter-guarantees to be entered into pursuant to the EIF scheme ("*RSI Counter-Guarantee*") are further described in the Annex III to this Call for Expression of Interest. The RSI Counter-guarantee and the RSI Guarantee will be rolled-out jointly during the course of 2013 following the publication of this amended Call for Expression of Interest.

4. Resources for RSI

Pursuant to the Annex VIII to the RSFF, the European Investment Fund ("*EIF*") has been entrusted by the European Investment Bank ("*EIB*") to implement RSI. The RSI Guarantee and RSI Counter-Guarantee shall be provided by the EIF to selected Financial Intermediaries, using a combination of the European Union's Seventh Framework Programme for Research and Technological Development contribution (FP7) and EIF's own risk capacity.

5. Financial Intermediaries

This Call for Expression of Interest is addressed and restricted to:

- a) in respect to RSI Guarantees: public or private credit or financial institutions, in each case, duly authorised to carry out lending or leasing activities according to the applicable legislation;
- b) in respect to RSI Counter-Guarantees: public or private guarantee schemes, guarantee institutions or other credit or financial institutions duly authorized to issue guarantees according to the applicable legislation,

in each case established and operating in one of the RSFF FP7 countries – i.e. the EU Member States and Associated Countries¹.

¹ For the time being, Iceland, Liechtenstein, and Norway (subject to amendment procedure of EEA agreement), Switzerland, Israel, Turkey, the former Yugoslav Republic of Macedonia and Serbia, Albania and Montenegro, Bosnia

Eligible 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 and shall not be established, and shall not maintain business relations with entities incorporated, in territories whose jurisdictions do not co-operate with the European Union in relation to the application of the internationally agreed tax standard.

The EIF Anti-Fraud Policy shall apply to the (Counter-) Guarantee Agreement (please refer to www.eif.org/news_centre/publications/2009_anti_fraud_policy.htm.)

6. 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 in this document and its Annexes or the context requires otherwise.

Applicant	Means a Financial Intermediary applying to this Call for Expression of Interest.
Agreed Portfolio Volume	The maximum aggregate amount of principal of newly originated Eligible Transactions to be included in the Portfolio, as further described respectively in the Annex II (Indicative RSI Guarantee Term sheet) and Annex III (Indicative RSI Counter-Guarantee Term sheet).
Participating Entities	Means, in case a joint application to the Call for Expression of Interest is submitted covering the Applicant and at least one additional Financial Intermediary, each and every additional Financial Intermediary covered by such joint application.
Expression of Interest	Means an application to the Call for Expression of Interest submitted to EIF within the Deadline, to be drafted in accordance with the provisions of Annex I.
Deadline	Means 31 December 2013, or such earlier date as announced officially in the RSI section of EIF's website.
Eligibility Criteria	Means jointly the RSI Eligibility Criteria, SME Eligibility Criteria, SME Transaction Eligibility Criteria as defined in the Annex II (Indicative RSI Guarantee Term Sheet) or Annex III (Indicative RSI Counter-Guarantee Term Sheet) and in case a Transaction is a RSI Counter-guarantee, Intermediary Transaction Eligibility Criteria, as defined in the Annex III.
(Counter-) Guarantee Agreement	Means an agreement entered into between the Applicant or Participating Entity, as the case may be, and the EIF in connection with the RSI Facility.
Portfolio	Means the portfolio of Transactions complying with the Eligibility Criteria to

& Herzegovina, Faroe Islands, Moldova. Other countries may become associated during the course of FP7.

	be originated by the selected Financial Intermediary.
SME Transaction	Means a loan or financial lease entered into by a Financial Intermediary with an SME or a Small Mid-cap.
Transaction	Means: a) In case of a RSI Guarantee: any SME Transaction b) In case of RSI Counter-Guarantee: any guarantee instrument issued by the Financial Intermediary to a Sub-Intermediary covering directly or indirectly an SME Transaction
Eligible Transaction	Means a Transaction meeting the Eligibility Criteria
Comparable Transaction	Means, for the purpose of the SME Data and performance information requirements as further described in the Information Requirements of this Call for Expression of Interest: A Transaction entered into with research and/or innovation driven SME or a Small Mid-cap, which is as similar as possible to the Eligible Transaction.

7. RSI application procedure

Financial institutions interested in applying to this Call for Expression of Interest shall submit an application to EIF before the Deadline to be considered as a possible Financial Intermediary under RSI.

It is to be noted that financial institutions may group together for RSI through submitting a joint Expression of Interest. In the Expression of Interest one coordinating entity shall act as the Applicant. The Applicant shall apply in the name and on behalf of the Participating Entities and shall indicate to the EIF the basis for the joint application.

Following selection of such joint application one umbrella (Counter-) Guarantee Agreement may be signed with the Applicant covering all or part of Participating Entities or, alternatively, separate (Counter-) Guarantee Agreements may be signed with the Applicant and each Participating Entity. The ultimate decision on the form of the agreement(s) shall be made at the discretion of the EIF.

The guaranteed portion of the Agreed Portfolio Volume under any (Counter-) Guarantee Agreements entered into by EIF with any single selected Financial Intermediary shall not exceed the equivalent of EUR 80 (eighty) million. In case of: i) Financial Intermediaries belonging to the same capital group or ii) a group of Financial Intermediaries applying jointly for RSI (Counter-) Guarantee, the aggregate guaranteed portion of Agreed Portfolio Volumes under (Counter-) Guarantee Agreements entered into with such Financial Intermediaries referred to above shall not exceed the equivalent of aggregate amount of EUR 150 (one hundred and fifty) million.

In accordance with Annex I to this Call for Expression of Interest, the application should include the Applicant's identification and the Information Requirements with supporting documents.

Information Requirements (as further specified in the Appendix 2 to the Annex I) should place particular emphasis on:

- a) Envisaged actions for the implementation of RSI, particularly with regard to its launch (timing, target customers, promotional activities, type of products, changes to the underlying legal documentation, etc.);

- b) Estimated absorption capacity in terms of expected volumes of Eligible Transactions to be included in the Portfolio and geographical coverage;
- c) Envisaged transfer of Financial Benefit for SMEs and Small Mid-caps;
- d) Origination and credit risk management process;
- e) Expected characteristics of the Portfolio (split per rating, industry, region, etc);

In case of joint Expressions of Interest, all information required under Appendix 2 to the Annex I must be provided for the Applicant and each and every Participating Entity covered by the joint application.

Applicants may send questions regarding the Call for Expression of Interest or the nature and features of the RSI (Counter-) Guarantee. EIF shall analyse such incoming questions and may publish from time to time the resulting answers in the form of FAQ (Frequently Asked Questions) document posted in the RSI section of the EIF's website (www.eif.org). EIF reserves the right to update the FAQ document from time to time as and when it regards appropriate.

8. Language and governing laws

The Expression of Interest shall be prepared in English.

The terms of the (Counter-) Guarantee Agreement shall be in English. The (Counter-) Guarantee Agreement shall be governed by the laws of England.

9. Submission of Expression of Interest

The Expression of Interest shall be submitted before the Deadline both by (i) email 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).

The Deadline is set on the **31 December 2013**, provided that EIF may, at its sole discretion determine that the Deadline will end on an earlier date depending, inter alia, on the availability of the budgetary resources for RSI. Any change in the Deadline will be announced officially in the RSI section of EIF's website.

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 (Counter-) Guarantee Agreements may be signed with selected Financial Intermediaries until 30 June 2014 at the latest, provided that applications conforming to the provisions of this Call for Expression of Interest have been received by the EIF before the Deadline.

The Expressions of Interest shall indicate the name of the Applicant and be sent to the following address:

European Investment Fund
RSI – Expression of Interest
Guarantees, Securitisation & Microfinance
15, avenue J.F. Kennedy
L-2968 Luxembourg

An electronic version of the Expression of Interest should be sent to: rsi@eif.org, stating in the subject of the email, as appropriate: "RSI Guarantee – Expression of Interest: [name of the applicant]" or "RSI Counter-Guarantee – Expression of Interest: [name of the applicant]".

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);
- confirmation that the Expression of Interest was received before the Deadline.

The acknowledgement of receipt shall not be construed as a declaration of completeness of the Expression of Interest and the documents submitted therewith, nor any kind of assessment or acceptance of the same.

The Applicants may withdraw, in the same manner as specified above, their Expression of Interest at any stage of the Selection process.

10. Selection procedure

Financial Intermediaries will be selected in due consideration of the general principles of transparency, equal treatment and non-discrimination, in compliance with EIF's policies, rules, procedures and statutes and in conformity with best business and market practices.

Following the receipt of the Expression of Interest, EIF shall assess the applications pursuant to the selection process outlined in the following sections of this Call for Expression of Interest. The selection procedure involves:

- a) Assessment of compliance of Expressions of Interest with the formal criteria,
- b) Assessment of Expressions of Interest based on the evaluation criteria.

Following the pre-selection based on the Expression of Interest, EIF shall proceed to a due diligence process of the pre-selected Applicant, as a result of which EIF will decide whether or not to propose to its Board of Directors for approval entering into a (Counter-) Guarantee Agreement under RSI. The contractual negotiation process will not be concluded prior to the approval of the EIF Board of Directors.

The Expressions of Interest for RSI Guarantee and RSI Counter-Guarantee shall be subject to the uniform selection process.

In any phase of the selection process until and prior to entering into a legally binding agreement with an Applicant, EIF reserves itself full discretion to consider or not Applicants (and Participating Entities as the case may be), and no Applicant or Participating Entity has any claim or other right or may expect to be ultimately selected as Financial Intermediary for RSI. Any negotiation of terms and conditions of (Counter-) Guarantee Agreements by no means entails any obligation for EIF to enter into such (Counter-) Guarantee Agreement with the relevant Financial Intermediaries.

EIF shall send a rejection notice to Applicants, whose 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 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. Any complaints will be dealt within the framework of and in accordance with the EIB Group complaints policy (for further information visit

<http://www.eib.org/about/publications/complaints-mechanism-policy.htm>).

10.1. Pre-selection

The split of the Portfolio between the RSI Counter-Guarantee and the RSI Guarantee is not set ex ante but shall be driven by the market demand, quality of the Financial Intermediaries' proposals for RSI deployment and their contribution to the overall RSI Facility.

Applications for RSI Guarantee and RSI Counter-Guarantee will be assessed by EIF for pre-selection on the basis of the Expressions of Interest, on a "first come, first served" basis.

The pre-selection comprises: i) formal assessment of the application received, ii) the assessment of the overall quality of its contents as well as iii) the assessment of the impact of the application on the overall RSI Facility, as further described in the sections below. When assessing the application, EIF will use its professional analysis and judgement.

Questions related to the RSI and raised during the pre-selection process will be collected and published in the context of the FAQ as referred to above.

Only applications that meet the formal criteria as further described in the section 10.1.1. below may continue to go through the quality assessment process.

In the quality assessment, as further described in the section 10.1.2. below, EIF will evaluate the overall quality of the application. All criteria listed under section 10.1.2 are assessed at the discretion of EIF with equal importance, which means the pre-selection process does not give specific weight to any one of these criteria. Based on the quality assessment, EIF shall assign the "quality score" to the application, being A, B or C.

EIF will also preliminarily assess the likely impact of the expected Portfolio indicated in the application on the aggregate RSI Facility portfolio, according to the section 10.1.3.

Based on this assessment EIF shall assign the "portfolio score" to the application, being 1, 2 or 3.

Only applications with combined "quality" and "portfolio" scores A1, A2 or B1 are pre-selected.

Applications with combined scores C1, C2 or C3 are not pre-selected.

Applications with combined scores A3, B2, B3 are included in a reserve list, which remains valid until the Deadline.

The application classification table below summarizes possible pre-selection outcomes:

A1	B1	C1
A2	B2	C2
A3	B3	C3

Legend:

- Pre-selected
- On the Reserve list
- Not pre-selected

All Applicants will be sent a notification about the result of the pre-selection process. Applicants which were neither pre-selected nor put on the reserve list will be sent a rejection notice. Pre-

selected Applicants are advanced to the Due diligence phase of the selection process as referred to in section 10.2. Applicants listed on the reserve lists may be considered for pre-selection upon availability of the budgetary resources.

EIF may suspend or abandon the pre-selection process at any time and no Applicant may claim any right to be pre-selected or included on the reserve list as described above.

10.1.1 Formal assessment

EIF shall assess on whether the RSI application has been prepared in accordance with the provisions of this Call for Expression of Interest according to the formal criteria:

- a) The Expression of Interest is prepared in accordance with Annex I to the Call for Expression of Interest. All necessary supporting documents are provided (in the form requested if specified);
- b) The Expression of Interest is duly signed;
- c) The Expression of Interest is completed and submitted in English;
- d) The Expression of Interest is submitted both by registered mail and e-mail;
- e) The Expression of Interest is submitted within the Deadline;
- f) the Applicants (and any Participating Entities as case may be) is (are) established and operating in one of the RSFF FP7 countries – i.e. the EU Member States and the Associated Countries - and authorised to carry out their business under the applicable regulatory framework;
- g) The Expression of Interest addresses all information required as per Appendix 2 of the Annex I to the Call for Expression of Interest;
- h) whether the Applicants (and any Participating Entities as case may be) provided the requested data for the screening/pre-selection process.

10.1.2 Quality assessment

After the formal check of the received Expressions of Interest and after having obtained any additional information or clarifications from Applicants, if and as needed, EIF will pre-select the Applicants (and any Participating Entities as case may be) according to the evaluation criteria set out below, in no particular order of priority:

- a) whether the Applicant (and any Participating Entities as the case may be) has any conflict of interest with respect to any of the bodies involved in the selection procedure;
- b) the financial standing of the Applicant (and any Participating Entities as the case may be) as evidenced by its external credit rating and/or by EIF financial analysis of the Applicant/Participating Entity;
- c) the operational capability of the Applicant (and any Participating Entities as case may be) to manage risk and to comply with the terms and conditions of the RSI (Counter-) Guarantee;
- d) the experience and ability of the Applicant (and any Participating Entities as the case may be) to lend/lease to (or as case may be of guaranteeing loans/leases of) R&D driven and/or innovative SMEs and Small Mid-caps. This shall be assessed by EIF based inter alia on: track record of lending to (or as case may be of guaranteeing transactions with) SMEs and Small Mid-caps and the business plan for building an Portfolio under the RSI);
- e) envisaged composition of the Portfolio, its credit quality, granularity and diversification;
- f) quality and plausibility of the RSI implementation proposal, with particular focus on: i) RSI implementation and rollout strategy, proposed volumes, proposed pricing policy (in particular the level of Financial Benefit) as compared to standard pricing conditions for SMEs and Small Mid-caps.

10.1.3. Portfolio contribution assessment

EIF, when making their pre-selection decisions will consider, *inter alia*, the impact of the application on the geographical distribution and the risk profile of the RSI Facility aggregate portfolio. EIF will aim at the appropriate composition of the RSI Facility aggregate portfolio between RSI Guarantees and RSI Counter-Guarantee, adequate credit risk profile, granularity and diversification of the overall RSI Facility aggregate portfolio. The credit risk contribution of the proposed Portfolio on the RSI Facility aggregate portfolio shall be confirmed based on the results of due diligence at the Selection stage (see 10.3).

10.2. Due diligence

Pre-selected applications will be followed up with on-site due diligence visits, carried out in accordance with EIF's internal rules and procedures, where financial and operational matters relating to the RSI implementation shall be covered. The aim of the due diligence is to assess on-site, the content of the application based on, *inter alia*, the ability to build up the envisaged Portfolio, the envisaged transfer of Financial Benefit, the risk nature of the envisaged Portfolio, the quality of origination, risk management, collection recovery/workout processes, systems and ability to comply with the reporting requirements. The due diligence process does not comprise legal negotiations.

10.3. Selection

Subject to the satisfactory outcome of a due diligence, the EIF may request its Board approval for an RSI (Counter-) Guarantee to be entered into with the selected Financial Intermediary. EIF has no obligation to enter into RSI (Counter-) Guarantee Agreement with a (pre-) selected Applicant. The participation of any institution will depend, *inter alia*, on the budget available for RSI and other considerations made by EIF such as, without limitation: outcome of the due diligence, impact of the envisaged Portfolio on the RSI Facility aggregate portfolio (as based on EIF modelling), result of negotiations with the institution.

EIF will publish, from time to time, on its website the list of Financial Intermediaries with whom EIF signed (Counter-) Guarantee Agreements.