



PROGRAMME FOR COMPETITIVENESS OF ENTERPRISES AND SMALL AND MEDIUM SIZED
ENTERPRISES

Loan Guarantee Facility

Single EU Debt Financial instrument

for Union enterprises' growth and research and innovation (R&I)

OPEN CALL FOR EXPRESSION OF INTEREST

TO SELECT FINANCIAL INTERMEDIARIES UNDER the Loan Guarantee Facility of the Programme for
Competitiveness of Enterprise and Small and Medium Sized Enterprises ("COSME")

(Published on 4th August 2014)

The objective of this Open Call for Expression of Interest, launched by the European Investment Fund, is to select eligible financial institutions to become Financial Intermediaries under the COSME – Loan Guarantee Facility ("LGF" or "the Facility").

All applications for such instrument under the Facility to be submitted to the EIF should conform to this Open Call for Expression of Interest. Read more about the [COSME Programme](#).

1. Loan Guarantee Facility

On 11 December 2013, Regulation (EU) No 1287/2013 of the European Parliament and the Council establishing a Programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) for the period 2014-2020 was adopted. Under this Programme, the financial instrument named Loan Guarantee Facility ("LGF" or "the Facility" hereinafter) was established to incentivise banks and other financial intermediaries to grant, inter alia, loans and leases to SMEs in need of access to finance through effective portfolio credit risk transfer (via a guarantee).

Pursuant to the Delegation Agreement between the European Union (the "EU") and the European Investment Fund (the "EIF") in respect of the Financial Instruments under COSME dated 22 July 2014 (the "COSME Agreement"), the EIF has been entrusted by EU to implement the Facility.

Under this Facility EIF shall provide:

- (i) first-loss capped guarantees and counter-guarantees to selected Financial Intermediaries, using the EU's COSME contribution;
- (ii) in the case of securitisation option of the LGF, guarantees on mezzanine tranches of the securitised portfolio of the selected Financial Intermediaries.

Guarantee agreements to be entered into under the Facility are further described in the Annex II, III and IV¹ to this Open Call for Expression of Interest.

2. Eligible Financial Intermediaries

This Open Call for Expression of Interest is addressed and restricted to Financial Intermediaries that:

- a) in respect of Guarantees and of the Securitisation option provided under the Facility: public or private credit or financial institutions or loan (debt) funds, in each case if applicable, duly authorised to carry out lending or leasing activities according to the applicable legislation;
- b) in respect of Counter-Guarantees provided under the Facility: public or private guarantee schemes, guarantee institutions or other credit or financial institutions duly authorised – if applicable - to issue guarantees according to the applicable legislation,

in each case established and operating in one of the Participating Countries².

Financial Intermediaries shall represent that they are not in any of the situations of exclusion, as further described in the Annex I to the Open Call for Expression of Interest.

The criteria set out above shall apply mutatis mutandis to the Sub-Intermediaries, if applicable.

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 any Non-Cooperating Jurisdiction.

The [EIF Anti-Fraud Policy](#) shall apply to the (Counter-) Guarantee Agreements under the Facility.

3. Definitions and Interpretation

In this Call for Expression of Interest, capitalised terms and expressions shall have the meaning attributed to them below or as elsewhere defined in this document and its Annexes, unless the context requires otherwise.

Applicant	Means an entity applying to this Call for Expression of Interest as a potential, future Financial Intermediary.
Financial Intermediary	Means (i) any financial institution or credit institution duly authorised, if applicable, to carry out lending or leasing activities or providing bank guarantees according to the applicable legislation or (ii) any guarantee scheme, guarantee institution or other financial or credit institution duly authorised, if applicable, to issue guarantees according to applicable legislation.
(Counter-) Guarantee	Means any guarantee or counter-guarantee or any other relevant instrument affording credit protection executed by the EIF

¹ With the Annex II being the Direct Guarantee Term-Sheet, Annex III the Counter-guarantee Term-Sheet and Annex IV the Securitisation Term-Sheet

² As at the date of publication of this Call of Expression of Interest, the countries covered by the COSME programme comprise EU Member States, Iceland and Montenegro and may include other associated countries having entered into relevant agreements with the European Union. Additional countries may potentially be added to the Participating Countries of the COSME Programme at a later stage. For up-to-date information please consult the [COSME Portal](#).

Agreement	
Deadline	Means 30 September 2020 or such earlier date as announced officially in the Facility section of EIF's website.
Operation	Means a transaction entered into between the EIF and a Financial Intermediary under a (Counter-) Guarantee Agreement
Eligible Transaction	Means a Transaction that complies with all the Eligibility Criteria.
Eligibility Criteria	Means jointly Intermediary Transaction Eligibility Criteria, the Final Recipient Transaction Eligibility Criteria, the COSME Enhanced Access to Finance (EAF) Criteria, the Final Recipient Eligibility Criteria and the Transaction Eligibility Criteria defined in the Annex II, III and IV (respectively the Indicative Direct Guarantee Term Sheet, the Counter-guarantee Term Sheet and the Securitisation Term Sheet).
Expression of Interest	Means an application to the Open Call for Expression of Interest submitted to EIF within the Deadline, conforming to the provisions of Annex I to this Open Call for Expression of Interest.
Non-Cooperating Jurisdiction	Any jurisdiction classified as "non-compliant" by the Organisation for Economic Cooperation and Development (OECD) and its Global Forum on Transparency and Exchange of Information for Tax Purposes, from time to time.

4. The 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 the Facility.

Following selection of the applications, the (Counter-) Guarantee Agreement shall be signed with the Applicant. The ultimate decision on the form of the agreement shall be made at the discretion of the EIF, in line with the mandate given by EU for the implementation of this Facility.

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

Such Annex is composed of two appendixes:

1. Applicant Identification Form
2. Minimum Information Requirements

Applicants may send questions regarding the Open Call for Expression of Interest. 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 Facility 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.

5. 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.

6. Submission of Expression of Interest

The Expression of Interest shall be submitted before the Deadline in writing via registered mail or professional courier and in either case by email. 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 or in removable electronic storage medium (e.g. CD-ROM, USB).

The Deadline is set on the 30 September 2020, provided that EIF may, in agreement with EU, determine that the Deadline will end on an earlier date depending, inter alia, on the availability of the budgetary resources for the Facility or any amendment to the COSME Agreement. Any change in the Deadline will be announced officially in the Facility 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 Expressions of Interest shall indicate the name of the Applicant and be sent to the following address:

European Investment Fund
Loan Guarantee Facility – COSME – Expression of Interest
37B, avenue J.F. Kennedy
L-2968 Luxembourg

An electronic version of the Expression of Interest shall be sent to: cosme.lgf@eif.org stating in the subject of the email, as appropriate: "LGF – COSME– 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 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.

7. Selection procedure

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.

The Expressions of Interest for the Guarantee, the Counter-Guarantee and the Securitisation option under the Facility shall be subject to the selection process. The budgetary allocation between the Counter-Guarantee, the Guarantee, the Securitisation option, countries or regions is not set ex-ante but shall be demand-driven.

EIF shall assess, on a continuous basis, the applications received pursuant to the selection process outlined in the following sections.

The selection process of each applicant comprises of the following steps, provided that each step was concluded with a positive result:

- 1 Pre-Selection
 - 1.1 Compliance with all formal criteria
 - 1.2 Application Based Scoring
- 2 Due Diligence and Amended Scoring
- 3 Final Selection and Approval Process

During the entire selection process until entering into a legally binding agreement with an Applicant, EIF has full discretion to consider or not Applicants and no Applicant has any claim or other right or may expect to be ultimately selected as Intermediary for the COSME Loan Guarantee Facility. Any negotiation of terms and conditions of Guarantee Agreements by no means entails any obligation for EIF to enter into such Guarantee Agreement with an Applicant.

As further described in the sections below, when assessing the application, EIF will use its professional analysis and judgment.

The Expressions of Interest shall be subject to a uniform selection process, specific to either the Capped (Counter-) Guarantee or Securitisation expression of interest, as outlined in more detail below.

7.1. Pre-selection

Applications will be assessed by EIF for pre-selection on the basis of the Expressions of Interest, on a “first come, first served” basis.

7.1.1 Compliance with all formal criteria

EIF shall assess whether the COSME LGF application has been submitted in accordance with the provisions of this Call for Expression of Interest and that all necessary supporting documents are provided (in the form requested if specified), including:

1. The Applicant declares that it:
 - a. is established and operating in one of the Participating Countries;
 - b. is authorised to carry out its business under the applicable regulatory framework;
 - c. is not established in a Non-Cooperating Jurisdiction;
 - d. is not in the situation of exclusion, as validly represented in the form outlined in appendix 2 of Annex I to the Open Call of Expression of Interest;
 - e. does not perform any illegal activities according to the applicable legislation of the country of establishment of the Applicant, as validly represented in the Expression of Interest;
2. The Expression of Interest has been submitted and prepared in accordance with the Open Call for Expression of Interest and that all required representations, information and supporting documentation required thereunder are provided (in the form requested, where specified).

Only applications that meet all formal criteria may continue to go through the next step of the assessment process.

7.1.2 Application Based Scoring

After completion of the formal check of the received Expressions of Interest, EIF will pre-select the

Applicants according to the evaluation criteria set out below. EIF assesses the quality of the application and its impact and inserts the scores achieved in a matrix determining the result of such assessments as described below.

7.1.2.1. Assessment of the quality of the contents of the application

In the quality assessment EIF will evaluate the overall quality of the contents of the application. The criteria listed below are assessed based on the application provided and at the discretion of EIF. Based on the quality assessment, EIF shall assign the “quality score” to the application, being A, B or C.

For **Capped (Counter-) Guarantee Expressions of Interest**, the quality assessment is performed as set out below:

- a) Is the Applicant expected to be in a position to comply with all contractual obligations under the (Counter-) Guarantee Agreement?;
- b) Capacity of the Applicant to manage risk of the Operation;
- c) The experience and ability of the Applicant to finance SMEs. This shall be assessed by EIF based, inter alia, on the track record of the Applicant’s SME activity in lending or leasing, or guaranteeing such transactions;
- d) Quality and plausibility of the COSME LGF implementation proposal, with particular focus on the COSME LGF implementation and rollout strategy, proposed volumes, previous experience working with International Financial Institutions, etc..

And for **Securitisation Expressions of Interest**:

- a) Is the Applicant expected to be in a position to comply with all contractual obligations under the (Counter-) Guarantee Agreement?;
- b) Capacity of the Applicant to manage risk of the Operation
- c) The experience and ability of the Applicant to finance SMEs. This shall be assessed by EIF based, inter alia, on the track record of the Applicant’s SME activity in lending or leasing, or guaranteeing such transactions;
- d) Quality and plausibility of the COSME LGF implementation proposal, with particular focus on proposed volumes and the proposed portfolio to be securitised.

7.1.2.2. Assessment of the impact of the application

EIF will also assess the proposed and envisaged Enhanced Access to Finance features expected from the application, inter alia vis-à-vis the requirements of the COSME programme, as well as its likely impact on the aggregate COSME LGF Facility portfolio (e.g. geographical coverage, expected loss of the portfolio). Based on this assessment EIF shall assign the “Impact score” to the application, being 1, 2 or 3.

For **Capped (Counter-) Guarantee Expressions of Interest**, the impact assessment is performed as set out below:

- a) the assessment of the proposed and envisaged COSME portfolio, specifically with regard to providing enhanced access to finance and the expected loss and granularity of the proposed COSME portfolio, and
- b) the impact of the application on the geographical distribution of the overall current and expected aggregate portfolio.

And for **Securitisation Expressions of Interest**:

- a) the assessment of the expected leverage effect (measured by the volume of additional portfolio divided by the EU budget committed), and
- b) the anticipated positive impact in the local development of the SME securitisation market;

7.1.2.3 Putting Quality and Impact Assessment together

As next step, the quality and the impact assessment pre-selection scores are put together in a matrix.

Only applications with combined pre-selection “quality” and “impact” scores A1, A2 or B1 are “Pre-selected”. Applications with combined pre-selection scores A3, B3 or C3 are “Not pre-selected”. Applications with combined pre-selection scores B2, C1 or C2 are included in a reserve list (“On the Reserve list”), which remains valid until the Deadline.

The application classification table below summarizes possible outcomes:

		QUALITY				
		A1	B1	C1		
IMPACT	A2	A2	B2	C2		Pre-selected
	A3	A3	B3	C3		On the Reserve list
						Not pre-selected

All Applicants will be sent a notification by email about the result of the pre-selection application scoring process (“Pre-selected”, “On the reserve list” or “Not pre-selected”).

“Pre-selected” Applicants are advanced to the Due diligence phase of the process as referred to in section 2.

EIF will process all “pre-selected” applications chronologically, with the date of application receipt being the principal criterion. Reserve listed applications are taken forward depending on, inter alia, budget availability and geographical coverage criteria. However, EIF maintains the right to fast track applications that have been received on a later date, or are on the reserve list, in order to ensure a wide geographical cover and to maximize the reach of the COSME programme.

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.

7.1.3. Due diligence and Amended Scoring

For Pre-selected applications the next step will be the on-site due diligence visit, carried out in accordance with EIF’s internal rules and procedures, where operational matters relating to the COSME LGF implementation shall be covered, with a main focus on:

- a) General Information such as the institution’s business plan with regard to SME lending/guaranteeing, the internal processes of origination, risk management, collection recovery/workout and the ability to comply with the reporting requirements;
- b) Financial Information such as funding sources and ownership structure;

c) Pricing policy as set out in the Applicant's internal guidelines (for Applicants applying under OPTION 1, there will be a particular focus to the envisaged pricing of the new product vis-à-vis existing products/the Applicant's pricing policy); and

d) Enhanced Access to Finance proposal with a particular focus on the applicant's ability to build up the envisaged Portfolio and/or the envisaged additionality features.

After the final terms of the proposal are agreed between EIF and the Intermediary, following the due diligence and ensuing discussions, EIF will consider each application's score and amend if needed, in light of the additional information received, by applying the same matrix presented above.

The due diligence process does not comprise legal negotiations.

7.2. Final Selection and Approval Process

Subject to the satisfactory outcome of the due diligence (i.e. if the amended score is "Pre-Selected" and the applicant wishes to proceed with the application process) and, if needed, additional information provided, the EIF would request its Board approval for the COSME Guarantee to be entered into with the Intermediary, at which point the application is considered as "Selected".

EIF has no obligation to enter into a COSME (Counter-) Guarantee Agreement with a (pre-) selected Applicant.

Those Applicants, whose Expression of Interest is rejected at any stage of the selection process, 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](#).

The participation of any institution in the COSME programme will depend, inter alia, on the budget available for COSME LGF and other considerations made by EIF such as, without limitation, outcome of the due diligence and result of negotiations with the institution.

8. Publishing of information on the Financial Intermediaries³

EIF shall publish on its website each year a list of Financial Intermediaries, Financial Sub-Intermediaries and Final Recipients supported through the programme, which shall include:

- a) for each Financial Intermediary the name and address of the Financial Intermediary with whom the EIF has signed a Guarantee Agreement, as well as an indication of the (Counter-) Guarantee Cap Amount in EUR or in a Tradable Currency, as the case may be. Furthermore, the list shall provide an indication of the type of financing that is being made available through the portfolios covered by the guarantee. In the case of securitisation transactions, the list shall provide an indication of the type of financing that is being made available through the additional portfolio.
- b) a list of Sub-Intermediaries used for the implementation of the LGF, containing for each Financial Sub-Intermediary the name and address and the type of finance received under the LGF.
- c) a list of Final Recipients which receive financing that exceeds (i) for (counter-)guarantee for debt financing, the thresholds of EUR 150,000 (or non-euro equivalent) or (ii) for guarantee of a securitised portfolio, the thresholds of EUR 500,000, containing for each Final Recipient the name and address and country of establishment (in the case of natural persons the address shall be replaced by NUTS level 2 codes) and type of financing received under the LGF.

³ EIF shall also publish the information on the Final Recipients, as further detailed in the Annex II, III and IV to this Open Call for expression of interest.

The Financial Intermediary, Financial Sub-Intermediaries and Final Recipients may, prior to receiving financial support under the Facility, declare in writing (including by a representation in the relevant agreement) that the publication requirement set out above 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, on the basis of a written justification. In addition such publication shall not be required if it would be illegal under the applicable laws and regulations⁴.

⁴ As substantiated by an intermediary with a legal opinion.