



Cultural and Creative Sectors Guarantee Facility (CCS GF)

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-FREQUENTLY ASKED QUESTIONS- CCS GF COVID -19 SUPPORT MEASURES published on 29 July 2020 and updated on 15 December 2020

In accordance with the provisions of the [Call for Expression of Interest](#) published on the EIF's website to select Financial Intermediaries under the CCS GF, you will find here below a list of some of the most commonly asked questions with respect to **COVID-19 Support Measures** implemented under the CCS GF. Please read through these Frequently Asked Questions ("FAQ") before contacting the EIF. This document covers only **COVID-19 Support Measures** and complements the frequently asked question document published on EIF's website and accessible [here](#) with respect to the general implementation of the CCS GF.

If your question is not answered below and you believe it would be a good addition to the FAQ list, please send your suggestions by email, including in the title of the email "FAQ – COVID-19".

Unless defined otherwise in this FAQ, all capitalized expressions used in this document shall have the meaning attributed to them in the above-mentioned Call for Expression of Interest.

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1. What are the COVID-19 Support Measures under CCS GF?

The Call for Expression of Interest introduces the **CCS GF COVID-19 Support Measures**, made available to Financial Intermediaries to provide enhanced support to SMEs and Small Public Enterprises from the cultural and creative sectors affected by the COVID-19 crisis. (“COVID-19 Support Measures” or “Support Measures”).

The [Addendum to the Call for Expression of Interest](#) (“COVID -19 Addendum”) sets out the COVID-19 Support Measures which are incorporated into the updated indicative CCS Guarantee term sheet and CCS Counter-guarantee term sheet.

These measures will be effective on the request of financial intermediaries. The measures have been introduced with the view to increase the risk taking capacity of CCS GF through the amendment of certain terms of the instrument and concern:

1. the treatment of existing Final Recipient financing portfolios under the CCS GF (i.e. financing provided by existing Financial Intermediaries prior to the amendment of this Call for Expression of Interest), and
2. the treatment of new Final Recipient Transactions to be generated by both existing and new Financial Intermediaries in line with the COVID-19 Addendum and the updated indicative [CCS Guarantee term sheet](#) or [CCS Counter-guarantee term sheet](#).

They will include, inter alia:

- Allowing for credit holidays, postponement and rescheduling in the existing and new Final Recipient Transactions, therefore alleviating the financial pressure and the liquidity constraints of CCS SMEs and Small Public Enterprises during the COVID-19 crisis;
- Providing an increased guarantee coverage to Financial Intermediaries extending financing to Final Recipients, therefore incentivising an increased availability of finance to Final Recipients in need of it;
- Offering a cover of capitalised interests of up to 360 days for the financing provided to Final Recipients provided that no default has been declared and no acceleration instilled, therefore creating incentives for Financial Intermediaries to support repayment flexibility to CCS SMEs and Small Public Enterprises;
- Reducing the minimum scheduled maturity of Final Recipient Transactions to 6 months and introducing a clarification of bridge financing as eligible debt financing under the CCS GF;
- Increasing the maximum scheduled maturity of revolving Final Recipient Transactions to 9 years;
- Increasing the ongoing availability period applicable of existing Financial Intermediaries by additional 6 months;
- Lowering certain requirements to the Financial Intermediaries (e.g. the risk retention) to support them in increasing their lending to more CCS SMEs and Small Public Enterprises during the COVID-19 crisis;

Please refer to the [Addendum introducing COVID-19 Support Measures](#) for further details.

2. What is the COVID-19 Support Period?

COVID-19 Support Period is the period commencing on 1 April 2020 and ending initially on 31 March 2021 (included), or on the 30th June 2021 (included), if elected by a Financial Intermediary (see question 3). In the context of the COVID-19 Support Measures, these shall apply with respect to Final Recipient Transactions entered into as from 1 April 2020 and, depending on the nature of each of those measures, they will either end on the 31 March 2021 - or on the 30th June 2021 (included), if elected by a Financial Intermediary (see question 3) - or remain in force beyond that date. Please refer to Annex V of the Call for Expression of Interest for an indication for the duration of each of the COVID-19 Support Measures.

3. As of 11 November 2020, Financial Intermediaries will have the possibility to extend the COVID-19 Support Period. What is the process for extending the COVID-19 Support Period and when will the extended COVID-19 Support Period end?

Financial Intermediaries may elect to prolong the COVID-19 Support Period applied to their (Counter-)Guarantee Agreement up until the 30th of June 2021 by agreement with EIF.

The EIF will contact the affected Financial Intermediaries as to the exact modalities of such extension. Any new agreement (or restated agreement) signed after 11 November 2020 shall in principle, as a default option, contain the already extended COVID-19 Support Period.

In case the Financial Intermediary does not request and agree with EIF on an extension of the COVID-19 Support Period, the COVID-19 Support Period applicable to their Guarantee Agreement will remain unchanged, i.e up until the 31st of March 2021.

4. Who can benefit from the COVID-19 Support Measures?

All new and existing CCS GF Financial Intermediaries established in the EU Member States as well as countries in the European Economic Area may benefit from the COVID-19 Support Measures.

5. How can a financial institution access COVID-19 Support Measures under the CCS GF?

Existing Financial Intermediaries (i.e. already having entered into a Guarantee Agreement under CCS GF) that wish to take advantage of COVID-19 Support Measures need to request and execute the amendment to their (Counter-) Guarantee agreements with the EIF, without filing any new application to the Open Call for Expression of Interest.

New applicants that wish to become Financial Intermediaries under the CCS GF and benefit from the COVID-19 Support Measures will need to follow the regular application process as outlined in the [Call for Expression of Interest](#).

6. What about financial institutions that applied already for CCS GF but have not yet signed a (Counter-) Guarantee Agreement?

Existing applications, which have not yet resulted in the signature of the (Counter-) Guarantee Agreement by the date of the publication of the amended Call for Expression of Interest (i.e. 29 July 2020), will be processed automatically by EIF taking into account the COVID-19 Support Measures.

7. What is the guarantee rate a Financial Intermediary can obtain under COVID-19 Support Measures?

Financial Intermediaries may obtain a (Counter-) Guarantee rate of up to 90% for all COVID-19 Final Recipient Transactions and such rate will be typically set at its maximum.

8. Can Financial Intermediaries benefit from a higher guarantee cap rate during the COVID-19 Support Period?

Existing Financial Intermediaries with ongoing Availability Period can request to re-set at a higher level the (Counter-) Guarantee Cap Rate defined in their (Counter-) Guarantee Agreements for the remaining part of the portfolio. The existing (Counter-) Guarantee Cap Rate could be set at a rate higher by one notch to the (Counter-) Guarantee Cap Rate specified in the (Counter-) Guarantee Agreement, within the applicable range of (Counter-) Guarantee Cap Rates provided under the CCS GF (i.e. from 10% to 18%, from 18% to 25%), for the coverage of the remaining part of the portfolio. EIF will consider requests for re-sets on a case-by-case basis.

The maximum (Counter-) Guarantee Cap Rate shall remain unchanged and shall be up to 25%.

9. What is the portion of exposure that must be retained by the Financial Intermediary at a portfolio level?

In principle, Financial Intermediaries shall maintain economic exposure of at least 20% of the outstanding global principal amount of the Final Recipient Transactions included in the Portfolio. However, in the case of Portfolios covering COVID-19 Final Recipient Transactions the minimum risk retention requirement is reduced to 10% with respect to COVID-19 Final Recipient Transactions.

10. Are loans and other debt instruments with maturities less than 12 months eligible?

Yes. The minimum maturity for Final Recipient Transactions entered into on or after 1 April 2020 is reduced from 12 to 6 months. This measure will remain available beyond COVID-19 Support Period.

11. Will there be an extension of the inclusion period in existing guarantee agreements which are still open for inclusions?

As part of the COVID-19 Support Measures, it is foreseen to provide on a case by case basis an extension of the Availability Period by an additional 6 months. Concretely, open Availability Periods shall be extended on a case-by-case basis until the date falling on the earlier of (i) six (6) months following the current end of Availability Period and (ii) 31 December 2023.

12. Is refinancing eligible under COVID-19 Support Measures?

The same rules which have been present in CCS GF shall continue to apply, i.e. CCS GF shall focus on newly originated Final Recipient Transactions, which shall exclude refinancing transactions which have already been financed by another financial product except at maturity.

13. Can a Financial Intermediary restructure the payment schedule or extend the maturity of loans covered by the (Counter-) Guarantee? Are there any limits? Would it require EIF's prior approval?

The rescheduling of payment schedule or maturity of an existing loan covered by the (Counter-) Guarantee is allowed if:

- (i) its purpose is to improve the collectability of the claims under the loan;
- (ii) it is made according to the credit policy of the Financial Intermediary or Financial Sub-Intermediary, as applicable;

and can be covered under the Guarantee as a Loss for a period of 10 years counting from the signature of the initial Final Recipient Transaction. Any prolongation of maturity date resulting in a change of the repayment schedule of a loan covered by the (Counter-) Guarantee made by the Financial Intermediary in the context of COVID-19 crisis shall in principle be deemed to meet the above conditions and would not require EIF's further prior approval. In other words, the EIF agrees voluntarily and as a matter of commercial consideration to such change. Any postponement of the final maturity of loan would need to be reported to the EIF as a Modification within the Restructuring report.

14. Would events of default under the (Counter-) Guarantee be adjusted to cover for loan repayment moratoria?

The credit events under the CCS GF, which entitle the Financial Intermediary to file a guarantee call under the (Counter-) Guarantee, remain applicable. The terms of the (Counter-) Guarantee would enable prolongations and rescheduling of loans (please see Question 11). In addition, the coverage of accrued interest for Final Recipient Transactions is extended (please see question 13).

15. How would the extension of the guarantee cover on the accrued interest work?

The treatment of the cover of accrued interest of Final Recipient Transactions is described in detail in the COVID-19 Addendum. In case a Financial Intermediary, as a result of a Final Recipient Restructuring during the COVID-19 Support Period neither accelerates a loan nor declares a default with respect to the eligible Final Recipient, the Losses will include also accrued capitalized interest until a maximum period of 360 days.

16. What is meant by the term “bridge financing”?

“Bridge financing” is an eligible form of debt financing supported under the CCS GF. The term refers to advances of future cash flows and may include interim finance, gap finance, cash flow, credit lines. Final Recipients may request bridge financing support to solidify their short-term position until receiving finance related to grants, subventions, tax credits, or any other form of anticipated public aid and/or future income.

To be noted that this measure was already eligible under the CCS GF and will remain available beyond the COVID-19 Support Period.