

SME Initiative Italy: Information note on COVID-19 measures and additional changes in transaction terms (the “Information Notice”)

With reference to the Call for Expression of Interest of the SME Initiative Italy (the “SMEi Italy”) launched on 21 October 2016 (as further amended) and closed on 31 October 2020 (the “Call”) and in accordance with the resolutions of the SME Initiative Investors’ Board dated 9 December 2020, the following information is brought to the attention of the financial intermediaries.

- (i) In the context of the COVID-19 crisis, specific measures have been adopted with a view to mitigating the impact of the COVID-19 on the Italian SMEs with respect to Final Recipient Transactions supporting working capital.
- (ii) The amendments under point (i) shall be available for implementation by financial intermediaries in line with the Call, as amended by this Information Note, as set out below.
- (iii) The amendments foreseen in this Information Note shall become effective subject to successful signature by the EIF and the respective existing Financial Intermediary of an amendment and restatement agreement of the existing Additional Portfolio Agreement or, in case of new Financial Intermediaries, an Additional Portfolio Agreement.
- (iv) Capitalised terms used in this Information Note and not otherwise defined herein shall have the meaning assigned to them in the Call.

SME Initiative Italy

Date: 9 December 2020

Information note to the Financial Intermediaries regarding the Call for Expression of Interest ("Call") to implement the SMEi Italy, launched on 21 October 2016 (as further amended), and closed on 31 October 2020.

Changes in transaction terms

In the context of the current COVID-19 crisis, Annex II (its Appendices A) set out in the original Call is now amended as set out below and a new Appendix G shall be added to Annex II.

ANNEX II - SME INITIATIVE ITALY – INDICATIVE TERMS AND CONDITIONS OF THE GUARANTEE

APPENDIX A – ADDITIONAL PORTFOLIO ELIGIBILITY CRITERIA

	Initial text	Amended text
Final Recipient Transaction Eligibility Criteria		
	<p>(i) The Eligible Final Recipient Transaction shall be newly originated.</p> <p>(ii) The purpose of the Eligible Final Recipient Transaction shall be:</p> <p>a. an investment in tangible or intangible assets,</p> <p>b. working capital , or</p> <p>c. the transfer of proprietary rights in enterprises provided that such transfer takes place between independent investors.</p>	<p>(i) The Eligible Final Recipient Transaction shall be newly originated.</p> <p>(ii) The purpose of the Eligible Final Recipient Transaction shall be:</p> <p>a. an investment in tangible or intangible assets,</p> <p>b. working capital (either as a COVID-19 Working Capital Loan or otherwise), or</p> <p>c. the transfer of proprietary rights in enterprises provided that such transfer takes place between independent investors.</p>

APPENDIX G –COVID-19 MEASURES

COVID-19 CONDITIONS	
COVID-19 Final Recipient	means, based on art. 37(4) of the CPR an Eligible Final Recipient which: is an SME ¹ and has been impacted by the public health crisis due to the COVID-19 pandemic.
SME	means a micro, small or medium-sized enterprise in accordance with the Commission Recommendation 2003/361/EC concerning the definition of micro, small and medium-sized enterprises (OJ L124, 20.05.2003, p.36), as amended, restated, supplemented and/or substituted from time to time.
Assessment of status of the Final Recipient as a COVID-19 Final Recipient	Such status shall be established as at the signing date of the COVID-19 Final Recipient Transaction and shall be based on: <ul style="list-style-type: none"> (i) the Final Recipient being an SME, and (ii) a self-declaration duly signed from the SME in written form stating a liquidity shortage due to the COVID-19 health crisis².
COVID-19 Working Capital Loan ³	means a working capital loan for the purpose of addressing liquidity needs due to the COVID-19 pandemic.
COVID-19 Eligibility Period	means the period during which COVID-19 Final Recipient Transactions are approved, entered into and disbursed, starting on [<i>the date of publication of the note</i>] and ending on [<i>31 October 2021</i>] (or a later date if so notified by the EIF in writing).
COVID-19 Final Recipient Transaction	means an Eligible Final Recipient Transaction ⁴ which complies with the COVID-19 Final Recipient Transaction Eligibility Criteria.
COVID-19 Final Recipient Transaction Eligibility Criteria	<p>means, cumulatively, that the COVID-19 Final Recipient Transaction:</p> <ul style="list-style-type: none"> (i) is entered into with a COVID-19 Final Recipient; (ii) is approved, entered into and disbursed during the COVID-19 Eligibility Period; (iii) shall have a disbursement period which shall not extend beyond the end of the COVID-19 Eligibility Period; (iv) is in the form of a COVID-19 Working Capital Loan; and (v) has been requested as support relating to the impact of the COVID-19 health-care crisis on the COVID-19 Final Recipient's business/activity. <p>The COVID-19 Final Recipient Transaction Eligibility Criteria shall be complied with on a continuous basis, provided that the COVID-19 Final Recipient Transaction Eligibility Criteria set out in items (i) and (v) above shall be complied with as at the signing date of the COVID-19 Final Recipient Transaction.</p>

¹ For the avoidance of any doubt, the COVID-19 Final Recipient will need to comply with the applicable Final Recipient Eligibility Criteria.

² The COVID-19 Final Recipient self-declaration shall state the type of difficulties encountered leading to such liquidity shortage (e.g., the reduction of the expected/incurred revenues in a given time period, the delay – e.g. in number of weeks or months - in chasing commercial credits, or other specific circumstances to be specified by the COVID-19 Final Recipient).

³ In the reporting template for financial intermediary and for the caption "A.2.3 Purpose", financial intermediary will have the possibility to flag "Working Capital – COVID-19 Support",

⁴ For the avoidance of any doubt, the COVID-19 Final Recipient Transaction will need to comply with the Final Recipient Transaction Eligibility Criteria.

	<p>For the purpose of item (v) above, the Financial Intermediary shall make an evidenced assessment on the basis of (i) the self-declaration provided by the COVID-19 Final Recipient in accordance with item (ii) set out in the Assessment of status of the Final Recipient as a COVID-19 Final Recipient section above and (ii) available financial information to confirm that the COVID-19 Final Recipient Transaction amount is appropriate for the liquidity needs of the COVID-19 Final Recipient in the context of the COVID -19 public health crisis.</p> <p>For the purpose of a COVID-19 Final Recipient Transaction, the Financial Intermediary shall not be required to (i) retain a business plan or equivalent documents or (ii) prove that the financing granted under the Final Recipient Transaction is used (including for the purpose of the costs and expenditures incurred) for its intended purpose.</p>
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