



Clarifications to the Call for Expression of Interest (CEoI) to select a Financial Intermediary under the Business Angels' Co-Investment Equity Instrument in Greece

Reference number: Call for EoI - No. JER-001/2020/01

The aforementioned Call stipulated that: "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 **9 November 2020**.

In accordance with this provision, we hereby present such a clarification document. Capitalised expressions utilised below 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. Questions may appear as they have been received without any editing from EIF; they also appear in a random order.

Questions received after the deadline mentioned in the Call for EoI are not included / addressed.

Questions related to the Call for EoI for Business Angels' Co-Investment Equity Instrument (No JER-001/2020/01)

Q1	With respect to the term sheet in annex iii of the Call document, in the clause on Investment Range the term sheet states "In principle investments are anticipated to amount to up to EUR 1m range including follow on rounds..." Please clarify whether this upper limit of EUR 1m refers to (a) solely the amount to be invested by the Fund itself or (b) the overall sum to be invested in each transaction, i.e. the relevant Business Angel's investment together with the Fund's co-investment (in which case each of the Fund's investments will have to be up to EUR 500k by the term sheet clause on Private Investor Contribution ("Minimum 50% investment by private investors..."))
	The EUR 1m range mentioned in Annex III of the Call documentation refers solely to the amount to be invested by the Fund itself. Please note that as mentioned in the relevant Annex, the EUR 1m is in principle the average range including follow on rounds of the Fund.

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Q2	Please clarify which types of investors are considered as "institutional investors" and as such are not considered to be eligible as "Business Angels".
	Institutional investor is defined as any company or entity that invests money on behalf of third parties. For the avoidance of doubt, corporate investment structures qualify as well as institutional investors.
Q3	Excluding all organizations having a primary purpose of investing money on behalf of other people (such as Venture Capitals, Mutual funds, pensions etc), can a private enterprise of any kind (S.A. LTD, PLC, LLC, etc...) be thought as eligible Business Angel investor?
	Non-institutional investors are allowed to use legal entities to channel their investments. Please see the definition of institutional investor above.
Q4	Is there any restriction in regard to the nationality of the eligible Business Angels? Should they have to demonstrate any connection to Greece?
	There are no restrictions per se to the nationality of the eligible Business Angels. Please note that (i) as per the relevant 'Compliance' part of Annex III of the Call documentation, 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; and (ii) the Quality Assessment Criteria in Annex II point 2.2.2. include the Demonstration of ability to source deals in Greece.
Q5	Will the fund be able to co-invest in a target entity with two (or more) Business Angels at the same time and do so with an investment summing the amounts of the Business Angels? For instance, if Business Angel A and Business Angel B, each want to invest 100k€ in target X, can the fund contribute up to 200k€ in this round?
	Co-investments with more than one Business Angels is indeed possible in each financing round, in which case the total amount invested by Business Angels counts towards the minimum 50% private participation. No numerical example can be provided.
Q6	We understand that the focus of investments and will primarily be set for entities in "Early Stages". Is there a restriction related to the possibility that the target has had already been engaged in an investment round in the past? For instance, if a startup has already received funding by a Business Angel or other Institutional Investor would it still be eligible as an investment target under this action?
	No restriction per se. As mentioned in the call documentation, kindly note that as per the definition provided in Annex III of the Call documentation, Early Stage means the early phase of development of an enterprise and includes Proof of Concept Stage, (Pre-) Seed-Stage, Start-Up Stage and Other Early Stage. Furthermore, the Investment Range part of Annex III states that, in principle investments are anticipated to amount to up to EUR 1m range including follow on rounds.

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Q7	Please clarify if EIF expects written commitments of investment interest from Business Angels to be included as part of the expression of interest application at this phase. If yes, should these investment interest declarations also commit it terms of the total amount to be invested?
	Written commitments of investment interest from Business Angels are not a requirement for the submission of an application. Reference is made to the Quality Assessment Criteria of Annex II, point 2.2. on the Project Maturity
Q8	We understand that EIF will participate with up to 20mil€ to the fund. What is the process and criteria under which EIF will decide the actual height of the participation?
	The final amount to be committed will depend on the assessment of the viability and feasibility of the proposal and the investment strategy presented by the applicant.
Q9	Are there any restrictions (or even recommendations) is regard to the amount of the fund that should be reserved for follow-on investments?
	No restrictions apply and no recommendations can be provided. It is to the discretion of the Applicant to submit a viable and feasible proposal and investment strategy for assessment in accordance with best market practice and prove that its proposal and investment strategy are attainable.
Q10	Do we suppose correctly that in regard to follow-on investments (for the cases that the fund has already invested in a target), the eligible investment target's stage may not, most probably, be "early" anymore (but in this case this will not be an eligibility issue)?
	The investment target's stage will be checked at the time of the initial investment.
Q11	Will you select only one Fund Manager for this Financial Instrument, or may allocate the capital to more than one team?
	As per Section 3 of the Call for Expression of Interest, "The EIF shall select one Financial Intermediary to implement the Fund".
Q12	How long is the entire selection process expected to take (pre-selection, due diligence, and selection), from the deadline of submission of the Expression of Interest?
	The selection of the candidate is expected to conclude in Q1 2021 with the signature following finalizing the legal documentation.
Q13	The pandemic keeps impacting work arrangements, meetings and travel. Is there a possibility to extend the deadline for submission of the Expression of Interest by 1-2 weeks post November 30?
	No extension of the deadline for submission is foreseen.
Q14	Q29 of the FAQ document: Are the fund managers allowed to own the management company of the fund through a company based in a jurisdiction/country outside the EU

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	in the case one of the Fund Manager's Partners is a permanent resident of this jurisdiction/country?
	Any justification of a structural element would need to be assessed on a case-by-case basis in line with the list of non-compliant jurisdictions. In addition, each individual team member, either person or legal entity, is expected to confirm that the relevant tax authority has acknowledged the structure and has confirmed the respective tax treatments.
Q15	What types of expenses is the one-off establishment fee (1%) expected / allowed to cover?
	The establishment fee is intended to cover any duly documented costs and expenses incurred by the selected manager in connection with the formation of the fund.
Q16	Can you please elaborate on "winding-up provisions of the Financial Instrument" and what is needed in this section of the Business Plan?
	This is industry's standard terminology. No guidance can be provided in this respect beyond what is written in the documentation of the call.
Q17	In case of a new team, shall the proposed Fund Manager Partners sign one (1) Applicant Identification document and one (1) Declaration of Honour, or is every Partner expected to sign a separate document?
	In such a case, they should be signed by the team members who are expected to have ownership in the planned fund management company and carry rights in the planned fund. The team members should sign the Expression of Interest and relevant appendices personally.
Q18	Is a strategic minority investment into the Financial Intermediary (general partner) from a local Bank with the following characteristics considered a lack of independence? - no representation on the investment committee - no board seat - no reserve matters at GP level - minority participation in the carried interest
	For information on the required level of independence, please see section "Fund Manager" of the term sheet. In this respect, it is of particular importance that the Fund Manager be able to take management and investment decisions independently, in particular without the influence of investors, sponsors or any other third party, which is not integrated in the structure. Besides, the presence of an external minority investor in the management company should not negatively impact the economics of the firm (in particular, management fee or carry leakage).
Q19	The 50/50 co-investment with non-institutional investors applies to the first round of investments only or across all investments of the fund? Could the Fund lead or co-lead second rounds with institutional investors and increase its stake in the companies? Example – fund takes 5pct in a round where the company sells 10% of its shares for 50K on a 50/50 basis with a business angel. Subsequently, the company sells

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	an additional 20% of its shares in a new financing round for a 500K raise. Can the fund take up more than 250K or 50% of the second round if it so chooses and syndicate the rest to institutions and/or individuals or is it restricted to 50/50 for each round?
	The minimum 50% investment by private investors applies in each of the financing rounds in which the fund co-invests, and institutional investors can be part of the co-investment syndicate in follow-on rounds. No numerical example can be provided.
Q20	Please confirm that the following understanding of the call is correct: Manager (own participation) and EIF will jointly form a fund which will have as investment strategy to coinvest in SMEs (meaning a micro, small or medium-sized enterprise) along with business angels investors. No business angels are expected to participate at fund level.
	This is correct.
Q21	Is it possible that an anchor investor or certain business angels participate at fund level? If the answer is yes, such participation at fund level will be counted towards reaching the private participation requirement per investment case?
	As per Annex III Term sheet of the call documentation, Private investor contribution "No private investors are envisaged on the Fund level besides the fund manager's commitment". Although not envisaged, in case private investors participate at the fund level, their participation will count towards reaching the minimum 50% private participation for each investment / each financing round.
Q22	Are there any restrictions to invest in sectors other than those stated in the "Guidelines on the EIF Restricted Sectors"?
	No further restrictions apply.
Q23	Element of innovation was a prerequisite in most previous EIF calls. Please confirm that the fund is eligible to proceed with investments in more traditional sectors with an exit orientation though.
	It shall be flexible in terms of sector focus of investments and will primarily target entities in Early Stages of development.
Q24	In regards to the Business Plan, (Annex 1/Appendix 2) please elaborate on the below bullet points: "Detailed description of the targeted market segment", "Description of Competitors"
	This is industry's standard terminology. No guidance can be provided in this respect.
Q25	Is there any restriction for an affiliated company of the Fund Manager to invest as Business Angels on a case-by-case basis?
	Affiliated companies of the Fund Manager will be restricted from participating in the co-investment opportunities.

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Q26	Potential members of the Management team own shares on affiliated entities (private equity and/or Venture Capital) that have ongoing investments. Can they retain their shareholding, provided that the Fund will not be involved in any way in these ongoing investments? Additionally, some members of the Management team hold Board seats and advisory roles in other companies (affiliated or not), can they retain their role?
	Please refer to Q25 for the question on affiliated entities. With respect to additional roles of the management team, it is expected that they devote substantially all of their business time to the Fund.
Q27	It is not quite clear, whether EIF shall select one or more financial intermediaries to implement the fund. Is it predetermined or it depends on the evaluation process?
	Please refer to Q11.
Q28	In paragraph 4 of the Call for Expression of Interests, there is a reference to the term "Implementation process". Could you clarify, what the implementation process stands for?
	For the purposes of this Call, reference to the implementation process coincides with the selection process and the signature of the final commitment into the selected Fund.