



CCS GF COVID-19

Addendum to the [Annex II - CCS GF Indicative Direct Guarantee Termsheet](#) and [Annex III - CCS GF Indicative Counter-Guarantee Termsheet](#) introducing
COVID-19 Support Measures

The CCS GF COVID-19 Support Measures

The Call for Expression of Interest introduces specific measures aimed at facilitating access to finance to SMEs and Small Public Enterprises from the cultural and creative sectors affected by the COVID-19 crisis. This document outlines these measures which have been already reflected in the relevant terms and conditions set out in the Annex II (for direct guarantees) and Annex III (for counter-guarantees) of this Call. Therefore, Annex V should be read jointly with Annex II and/or Annex III for a comprehensive understanding of the COVID-19 Support Measures outlined here below.

1. Applicability of CCS GF COVID-19 Support Measures

As part of the policy response to address the economic disruption caused by COVID-19, certain COVID-19 Support Measures are made available to Financial Intermediaries to provide enhanced support to impacted SMEs (the “COVID-19 Support Measures” or the “Support Measures”).

The COVID-19 Support Measures for CCS GF entail an **increase in the risk taking capacity** of CCS GF. These are introduced through the amendment of certain terms of the facility to ensure continuous financing support to impacted SMEs and Small Public Enterprises from the cultural and creative sectors, which already have or will receive financing under existing and new (Counter-)Guarantee Agreements.

The COVID-19 Support Measures are available to **all selected Financial Intermediaries under the Facility and are generally applicable as of 1st April 2020**. For the avoidance of doubt, for any existing Financial Intermediary, the COVID-19 Support Measures shall provide improved guarantee terms with respect to transactions already originated and/or being originated and shall be made available without any new application process, by executing an amendment to their (Counter-)Guarantee agreements. For this purpose, interested Financial Intermediaries should contact EIF at the following e-mail address: ccs.gf@eif.org.

Financial Intermediaries wishing to benefit from the COVID-19 Support Measures that are not yet Financial Intermediaries under the CCS GF will need to follow the regular application process as outlined in this Call for Expression of Interest.

The COVID-19 Support Measures are further detailed in section 2 below.

2. Outline of CCS GF COVID-19 Support Measures

This section provides for an overview of the CCS GF COVID-19 Support Measures introduced in the Facility. Further explanations for the measures can be found at the COVID-19 Support Frequently Ask Questions published on EIF's website.

In order to introduce the COVID-19 Support Measures the following new terms are added to the Call for Expression of Interest:

COVID-19 Support Period	means a period commencing on 1 April 2020 and ending either on the 31 st March 2021 (included) or on the 30 th June 2021 (included), if elected by a Financial Intermediary ¹ .
COVID-19 Final Recipient Transaction	means a Final Recipient Transaction which is originated in the COVID-19 Support Period.
COVID-19 Intermediary Transaction	means when the Guarantee is a counter-guarantee, any guarantee instrument issued by a selected Financial Intermediary to a Financial Sub-Intermediary covering (directly or indirectly) a COVID-19 Final Recipient Transaction.

2.1. Treatment of amendments/restructuring of Final Recipient Transactions by Financial Intermediaries

Any postponement, rescheduling or credit holiday period applied to existing or new Final Recipient Transactions, in order to improve the collectability of the claims, shall be deemed to constitute a Final Recipient Transaction Restructuring and covered by the (Counter-)Guarantee until the Termination Date, provided that the Guarantee Call is submitted to EIF not later than the Termination Date. This measure will also be available beyond the COVID-19 Support Period.

2.2. Extended cover of the accrued interest of the Final Recipient Transactions

With respect to eligible Final Recipient Transactions, the Losses covered by the Guarantee may include capitalised interests accrued for a maximum period of 360 days when in the context of a Final Recipient Transaction Restructuring occurring during the COVID-19 Support Period. If a Final Recipient Transaction Restructuring occurs after the COVID-19 Support Period, capitalised interest may be covered for a period of 90 days. For the avoidance of doubt, these capitalised interests shall not be included into the calculation of the Actual Portfolio Volume. This will not limit the existing Losses definition in Counter-Guarantee Agreements.

2.3. Maximum rollover period of Revolving Credit Transactions

The maximum maturity of a Revolving Credit Transaction is increased from five (5) to nine (9) years (rounded down to the nearest full calendar quarter). This measure will also be available beyond COVID-19 Support Period.

¹ The affected Financial Intermediaries will be contacted by the EIF as to the exact process of extension of the COVID-19 period.

2.4. Extension of open Availability Period by an additional 6 months

Availability Periods open for inclusion at the time of the COVID-19 Support Period under the respective (Counter-)Guarantee Agreements with the existing selected Financial Intermediaries, may 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.

2.5. Reducing the minimum schedule maturity of Final Recipient Transactions to 6 months

The minimum scheduled maturity of Final Recipient Transactions shall be reduced from the current minimum of 12 months to 6 months. This measure shall be applicable to Final Recipient Transactions entered on or after 1 April 2020 and will also be available beyond COVID-19 Support Period.

2.6. Support to bridge financing

The term bridge financing is added in the definition of debt financing to clarify that this is one of the eligible forms of debt financing supported under the CCS GF. For the avoidance of doubt, bridge financing refers to advances of future cash flows (which might be related to grants, subventions, tax credits, or any other form of anticipated public aid) and may include interim finance, gap finance, cash flow, credit lines. This measure is currently already available and will remain available beyond the COVID-19 Support Period.

The following terms apply to new (Counter-)Guarantees or to increases of existing (Counter-)Guarantees, entered into with Financial Intermediaries as well as amended (Counter-) Guarantee Agreements in relation to COVID-19 Final Recipient Transactions.

2.7. Increased Guarantee Rate on Portfolios of COVID-19 Final Recipient Transactions

The (Counter-)Guarantee Rate applicable for COVID-19 Final Recipient Transactions might be increased from the current level (i.e. up to 70%) to up to 90% and will be typically set at its maximum.

In the case of Counter-Guarantees, the Counter-Guarantee Rate with respect to COVID-19 Final Recipient Transactions might be increased up to the maximum Guarantee Rate level of 90% and will be typically set at its maximum.

2.8. Increased Guarantee Cap Rate as from the beginning of the COVID-19 Support Period

The (Counter-)Guarantee Cap Rate defined in the (Counter-)Guarantee Agreements with Financial Intermediaries with ongoing Availability Period may on a case by case be re-set at a higher level for the remaining part of the portfolio within the applicable range of (Counter-)Guarantee Cap Rates provided within the CCS GF (i.e. from 10% to 18%, from 18% to 25%) for when the (Counter-)Guarantee covers also transactions entered into during the COVID-19 Support Period.

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

2.9. Financial Intermediary exposure to Final Recipient Transactions/Financial Intermediary Transactions

For the purpose of alignment of interest, the Financial Intermediary will have to retain a minimum 20% exposure of the outstanding global principal amount of the Final Recipient Transactions/Intermediary Transactions included in the Portfolio, except with respect to COVID-19 CCS GF Transactions, for which only a risk retention of 10% shall be ensured.

3. Indicative Additional/Amended Terms in relation to the CCS GF COVID-19 Support Measures

a) Amendments to CCS GF (Counter-) Guarantee General Terms in response to the COVID-19 crisis:

Under the terms of the CCS GF COVID-19 Support Measures, certain terms of the direct guarantee under [Annex II - CCS GF Indicative Direct Guarantee Termsheet](#) and/or the counter-guarantee under [Annex III - CCS GF Indicative Counter-Guarantee Termsheet](#) have been amended as follows:

Common to Direct and Counter-Guarantee:

COVID-19 Support Period	means a period commencing on 1 April 2020 and ending on 31 March 2021 (included) or on the 30 th June 2021 (included), if elected by a Financial Intermediary ² .
COVID-19 Final Recipient Transaction	Means a Final Recipient Transaction entered into during the COVID-19 Support Period complying with the Final Recipient Transaction Eligibility Criteria.
(Counter-)Guarantee Rate	The (Counter-)Guarantee Rate shall be up to 90% of each COVID-19 Final Recipient / Intermediary Transaction covered by the (Counter-)Guarantee and will be typically set at its maximum.
Risk retention	For the purpose of alignment of interest, the Financial Intermediary will have to retain a minimum 10% exposure of the outstanding global principal amount of the COVID-19 Final Recipient Transactions or Intermediary Transactions included in the Portfolio.

Direct Guarantee:

Transaction Restructuring	Means, in respect of a Final Recipient Transaction that the Financial Intermediary agrees to the restructuring of such Final Recipient Transaction being such that either (i) the amount of principal scheduled to be paid and/or any interest amount due by the relevant Final Recipient is
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² The affected Financial Intermediaries will be contacted by the EIF as to the exact process of extension of the COVID-19 period.

	<p>reduced in order to improve the collectability of the claims arising from the relevant Final Recipient Transaction, or</p> <p>(ii) the maturity of the transaction is rescheduled, including inter alia by the introduction of a grace period (including a payment holiday) or a payment date is rescheduled or waived, in order to improve the collectability of the claims arising from the relevant Final Recipient Transaction,</p> <p>(iii) in each case in accordance with the Financial Intermediary’s credit policy.</p> <p>The interest which is not paid during such period may be capitalised as part of the outstanding principal or interest amount of the Final Recipient Transaction and covered under the Guarantee for a maximum period of (i) 360 days if the Final Recipient Transaction Restructuring takes place before during the COVID-19 Support Period or (ii) 90 days if the Final Recipient Transaction Restructuring takes place after that period (the “Permitted Capitalised Interest”).</p> <p>For the avoidance of doubt, Permitted Capitalised Interests will not be taken into account either in determining whether the maximum principal amount of the Final Recipient Transaction complies with the Final Recipient Transaction Eligibility Criteria or in determining the Actual Portfolio Volume.</p>
<p>Losses</p>	<p>The Guarantee shall cover Losses at the relevant Guarantee Rate and Guarantee Cap Rate incurred by the Financial Intermediary up to the Guarantee Cap Amount. Losses mean any principal and interest amounts (excluding late payments or default interests, capitalised interests (other than for Permitted Capitalised Interests), any interest amount which accrued after a period of 90 days, fees and any other costs and expenses) due, payable and outstanding to the Financial Intermediary under the terms of the covered Final Recipient Transaction following the occurrence of either a Final Recipient Transaction Default, a Final Recipient Transaction Acceleration or a Final Recipient Transaction Restructuring.</p>
<p>Rollover of Revolving Credit Transactions</p>	<p>In the case of Revolving Credit Transactions, any entry into an agreement with a new maturity for a Revolving Credit Transaction with the same Final Recipient as a replacement of an existing Revolving Credit Transaction by the Final Recipient of amounts outstanding under the existing Revolving Credit Transaction, shall be treated as an extension of the maturity of the existing Final Recipient Transaction and not as the entry into a new Final Recipient Transaction with the relevant Final Recipient.</p> <p>For the avoidance of doubt, such extended maturity must not exceed 9 years, where the relevant term shall be calculated starting from the</p>

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	day the existing Revolving Credit Transaction was entered into, as further specified in section Eligibility Criteria below.
Actual Portfolio Volume	<p>Expressed in the Base Currency, the aggregate amount of the principal amount committed to be made available under newly originated Final Recipient Transactions (excluding Permitted Capitalised Interest) included in the Portfolio from time to time, provided that, for the avoidance of doubt:</p> <ul style="list-style-type: none"> (i) if any Final Recipient Transaction is prepaid and/or repaid, then this shall not reduce the Actual Portfolio Volume; (ii) if a Final Recipient Transaction is excluded from the Portfolio as a result of the exclusion process, then such Final Recipient Transaction will not be taken into account for the calculation of the Actual Portfolio Volume; and (iii) the Actual Portfolio Volume may in no circumstances exceed the Maximum Portfolio Volume. <p>On the earlier of:</p> <ul style="list-style-type: none"> (i) the end of a disbursement period when amounts are available for utilisation by a Final Recipient, and (ii) the date falling 3 months after the end of the Inclusion Period, <p>the Actual Portfolio Volume will be adjusted in order to reflect the aggregate principal amount of principal drawn by the Final Recipients prior to this date.</p>

Counter-Guarantee:

COVID-19 Intermediary Transaction	Means when the Guarantee is a counter-guarantee, any guarantee instrument issued by a selected Financial Intermediary to a Financial Sub-Intermediary covering (directly or indirectly) a COVID-19 Final Recipient Transaction.
Transaction Restructuring	<p>Means, in respect of a Final Recipient Transaction that the Financial Sub-Intermediary agrees to the restructuring of such Final Recipient Transaction being such that either:</p> <ul style="list-style-type: none"> (i) the amount of principal scheduled to be paid and/or any interest amount due by the relevant Final Recipient is reduced in order to improve the collectability of the claims arising from the relevant Final Recipient Transaction, or

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	<p>(ii) the maturity of the transaction is rescheduled, including inter alia by the introduction of a grace period or a payment date is rescheduled or waived, in order to improve the collectability of the claims arising from the relevant Final Recipient Transaction,</p> <p>(iii) in each case in accordance with the Financial Sub-Intermediary's credit policy.</p>
Losses	<p>The Counter-Guarantee shall cover Losses at the relevant Counter-Guarantee Rate and Counter-Guarantee Cap Rate (i.e. up to the Counter-Guarantee Cap Amount) and having regard to the fixed recovery rate, if applicable), incurred (or to be incurred) by the Financial Intermediary. Losses mean any amounts due to be paid by the Financial Intermediary under the terms of the covered Intermediary Transaction following the occurrence of a Final Recipient Transaction Default, a Final Recipient Transaction Acceleration or a Final Recipient Transaction Restructuring.</p>
Rollover of Revolving Credit Transactions	<p>In the case of Revolving Credit Transactions covered by an Intermediary Transaction, any entry into an agreement with a new maturity for a Revolving Credit Transaction with the same Final Recipient as a replacement of an existing Revolving Credit Transaction by the Final Recipient of amounts outstanding under the existing Revolving Credit Transaction covered by the Intermediary Transaction, shall be treated as an extension of the maturity of the existing Final Recipient Transaction and not as the entry into a new Final Recipient Transaction with the relevant Final Recipient. For avoidance of doubt, such extended maturity must not exceed 9 years, where the relevant term shall be calculated starting from the day the existing Revolving Credit Transaction was entered into, as further specified in section Eligibility Criteria below.</p>