The Funding agreement concerning, the SME initiative of EC and EIB, is about to be signed between Bulgaria and EIF

The Funding agreement says that:

* The financial instrument will be uncapped guarantees for new portfolios of debt finance to eligible SMEs in accordance with Article 37(4) of the CPR;
* The EIF shall assess the mechanism of transfer of benefit to the Final Recipients;
* The Operational Agreements shall require that for the purpose of the implementation of the Dedicated Window, the selected Financial Intermediaries in order to calculate the gross grant equivalent within the meaning of Article 4(2) of the Commission Regulation (EC) No 1407/2013 (*de minimis* Regulation) for each Transaction according to the formula set out in Annex 1 of the Funding agreement.

The above is in line with the Annex 1 UNCAPPED GUARANTEE INSTRUMENT of Commission implementing Decision from 11.09.2014 (2014/660/EU).

All formulas in the Funding agreement, which will be used to transfer the whole benefit to the borrowers, are also 100% in line with the ones in the Annex 1 UNCAPPED GUARANTEE INSTRUMENT of Commission implementing Decision from 11.09.2014 (2014/660/EU).

The question is: In this particular case, should Bulgaria notify to the Commission, under art. 4, par. 6 (d) of the *de minimis* Regulation, the methodology in the Funding agreement, which will be used to calculate the gross grant equivalent of the guarantees?

In case the answer is “NO”, we would kindly ask the Commission to provide us with relevant motives.

COMP reply:

In case Bulgaria wishes to participate in the uncapped guarantee instrument of the SME Initiative, there is no need for a notification. In fact, this instrument was designed as compliant with the de minimis Regulation, exactly in order to avoid the need for an ex ante notification, and thereby facilitate fast implementation by the Member States.