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Subject: State Aid SA.57665 (2020/N) – *Lithuania*
COVID-19: Lithuanian guarantees and loans for tour operators, accommodation and catering service providers

Excellency,

1. PROCEDURE

(1) By electronic notification of 15 June 2020, amended and supplemented with additional information on 17 and 19 June 2020, the Lithuanian authorities notified aid in the form of (i) individual guarantees securing performance of contractual obligations of tour operators ("the first measure") and (ii) loans to tourism service providers and accommodation and catering service providers ("the second measure") (together "the measures") under the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak, as amended ("the Temporary Framework").[1]

[1] Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak, 19 March 2020 (OJ C 91I, 20.3.2020, p. 1), as amended by Communication from the Commission C(2020) 2215 final of 3 April 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 112I , 4.4.2020, p. 1) and by Communication from the Commission C(2020) 3156 final of 8 May 2020 on the Amendment of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 164, 13.5.2020, p. 3).

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(2) The Lithuanian authorities confirm that the notification does not contain confidential information.

(3) Lithuania exceptionally agrees to waive its rights deriving from Article 342 of the Treaty on the Functioning of the European Union ("TFEU"), in conjunction with Article 3 of Regulation 1/1958[2] and to have this Decision adopted and notified in English.

2. DESCRIPTION OF THE MEASURES

(4) The Lithuanian authorities consider that the COVID-19 outbreak has started to affect the real economy. The measures form part of an overall package of measures and aim to ensure that sufficient liquidity remains available in the market, to counter the liquidity shortage faced by undertakings because of the outbreak, to ensure that the disruptions caused by the outbreak do not undermine the viability of the undertakings and thereby to preserve the continuity of economic activity during and after the outbreak.

(5) On 16 March 2020, the Lithuanian Government declared a quarantine on the entire territory of Lithuania. Residents in Lithuania were obliged to stop travelling to the countries and territories affected by the COVID-19 outbreak. On the same day, the Lithuanian Ministry of Foreign Affairs issued a recommendation not to travel to foreign countries for at least a month. As a result, tour operators in Lithuania were required to cancel all organized tourist trips and packages and implemented the governmental instructions regardless of the expiration of the travel packages.

(6) Due to the restrictions taken by the Lithuanian Government, tour operators in Lithuania can no longer execute travel contracts. The same situation applies to the accommodation and catering sectors, as many operators had to suspend or cease activities.

(7) In this context, the measures are intended to support the Lithuanian economy in response to the COVID-19 outbreak. The measures are aimed at reducing financing risk for contractual obligations of tour operators and accommodation and catering service providers and, as a result, at facilitating access to finance and improving the liquidity of these undertakings.

(8) The aim of the first measure is to provide guarantees to tour operators established in Lithuania, partially covering insurance benefits or guarantee payments paid by either an insurance undertaking under a security agreement, or through a financial institution under a financial guarantee.

(9) The aim of the second measure, geared towards the tourism business, is to provide loans to (i) tour operators to finance settlements with travellers for trips that did not take place as a result of the governmental restrictions, and (ii) accommodation and catering service providers for their necessary costs incurred as a result of the same restrictions.

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[2] Regulation No 1 determining the languages to be used by the European Economic Community (OJ 17, 6.10.1958, p. 385).

(10) The compatibility assessment of the measures is based on Article 107(3)(b) TFEU, as interpreted by Section 2 and Sections 3.1 and 3.3 of the Temporary Framework.

2.1. The nature and form of aid

(11) The first measure provides aid in the form of individual guarantees to tour operators (falling under Section 3.1 of the Temporary Framework). The second measure provides aid in the form of loans to tourism service providers and accommodation and catering service providers (falling under Section 3.3 of the Temporary Framework).

2.2. Legal basis

(12) The legal basis for the first measure is the Draft Order of the Minister of Economy and Innovation of the Republic of Lithuania regarding the approval of regulations on the provision of guarantees securing performance of obligations of tour operators. The legal basis for the second measure is the Draft Order of the Minister of Economy and Innovation of the Republic of Lithuania on the approval of the State aid scheme on loans to tourism service providers and business entities providing catering services.

2.3. Administration of the measures

(13) The Ministry of the Economy and Innovation of the Republic of Lithuania is the authority granting the aid under the measures, while the Lithuanian national promotional institution *Investicijų ir Verslo Garantijos* ("INVEGA")[3] is the authority responsible for administering and managing the measures.

2.4. Budget and duration of the measures

(14) The Lithuanian authorities estimate that the first measure will have a budget of EUR 20 million, while the second measure will have a budget of EUR 30 million, thereby making an overall estimated budget for the measures of EUR 50 million, coming from the State budget of Lithuania.

(15) Aid may be granted under the measures as from its approval by the Commission until no later than 31 December 2020. The beneficiaries can submit applications for aid under the measures until 31 December 2020 at the latest.

2.5. Beneficiaries

(16) The beneficiaries of the first measure are tour operators, irrespective of their size, i.e., the beneficiaries can be SMEs[4] as well as large undertakings.

(17) The beneficiaries of the second measure are travel agencies, tour operators and accommodation providers active in Lithuania irrespective of their size. As regards catering service providers, only large undertakings are eligible.

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3 INVEGA was established by the Republic of Lithuania Government Resolution No. 887 of 11 July 2001 on Small and Medium-sized Business Development (https://invega.lt/en/aboutinvega/).

4 As defined in Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187 of 26.6.2014, p. 1).

(18) The Lithuanian authorities estimate the total number of beneficiaries between 101 and 500 companies.

(19) Undertakings in the agriculture, fishery and aquaculture sectors will be excluded from the measures.

(20) Aid under the first measure is granted through credit institutions and other financial institutions as financial intermediaries. However, those institutions are excluded as eligible final beneficiaries of the measures.

(21) Aid may not be granted under the measures to undertakings that were already in difficulty within the meaning of the General Block Exemption Regulation ("GBER")[5] on 31 December 2019.[6]

2.6. Sectoral and regional scope of the measures

(22) The measures are open to the travel agencies, tour operators, accommodation and catering sectors.

(23) The measures apply to the whole territory of Lithuania.

2.7. Basic elements of the measures

2.7.1. The first measure

(24) The first measure provides for aid in the form of individual guarantees to secure performance of obligations of tour operators facing a sudden shortage or even unavailability of liquidity. The guarantees are granted by INVEGA to insurance companies and/or financial institutions ("the guarantee recipients") for securing performance of obligations of the beneficiaries. INVEGA will have subsidiary liability under the provided guarantee, once insurance or guarantee payments are made by the guarantee recipients to the beneficiaries in the following cases:

- annulment of the certificate of the beneficiary;
- insolvency of the beneficiary;
- initiation of the bankruptcy or liquidation proceedings against the beneficiary;
- death of the beneficiary.

(25) The guarantee amount may not exceed EUR 800 000 per beneficiary or be lower than EUR 1 500. All figures used must be gross, that is, before any deduction of tax or other charges. In addition, the amount cannot exceed 50% of the security amount of security for performance of obligations per beneficiary.

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5 As defined in Article 2(18) of Commission Regulation (EU) No 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty (OJ L 187 of 26.6.2014, p. 1).

6 The Lithuanian authorities noted that undertakings which were in difficulty on 31 December 2019 but are not considered as such on the day of application for aid will be eligible for the measures. The beneficiary will need to provide evidence (e.g. interim financial accounts) demonstrating that at the time of application it is not an undertaking in difficulty in the sense of Article 2(18) GBER.

(26) The duration of the guarantee is between three (minimum) to 15 (maximum) months and cannot exceed the period of validity of the security agreement. The guarantee will be granted by 31 December 2020 at the latest.

(27) Guarantees under the first measure can be granted for both new and existing contractual agreements on security for performance of obligations of the beneficiaries. Prior to granting, INVEGA shall assess how the provision of a guarantee can improve the conditions of either new or existing agreements on security of obligations' performance for the beneficiaries.

(28) As regards guarantees provided for new security agreements, the Lithuanian authorities submit, absent the measure, that the final beneficiaries will not be able to have access to insurance coverage for the performance of their obligations. The Lithuanian authorities add that since the COVID-19 outbreak significantly increased financial risks for tour operators, absent the State (INVEGA) guarantee, the guarantee recipients would have refused to provide guarantees or would have provided them to a lesser extent as necessary for the tour operators to perform their activities and to recover from the crisis. In particular, INVEGA will determine the guarantee amount and liability limit according to the liability limit applied by the guarantee recipient, the conditions of the guaranteed security of obligations' performance, the value of other repayment security measures, etc. The guarantee recipients may ask the tour operators for other security measures of obligation's performance, but they may be requested only for the part of security of obligations' performance that is not guaranteed by INVEGA, i.e. not for the entire security of obligations' performance as would normally be requested. Therefore, INVEGA will assess whether the security measures required by the guarantee recipients for the granted security obligations' performance to the tour operator are reduced or cancelled.

(29) As regards the improvement of the conditions of existing agreements by the guarantee, this shall be understood as reduction or cancelation of securities required by the guarantee recipient. In this regard, INVEGA will assess whether the security measures required by the guarantee recipients for the granted security obligations' performance to the tour operators are reduced or cancelled. In particular, guarantee recipients may not change the essential conditions for securing the fulfilment of the obligations without the knowledge and consent of INVEGA. If any condition is changed without INVEGA's consent, or if collateral is demanded from tour operators by the guarantee recipients for the part of the security of obligations' performance guaranteed by INVEGA, the guarantee will not be paid to the guarantee recipients.

(30) The Lithuanian authorities finally submit that the guarantees will be provided under strict conditions, so the guarantee recipients will only be entitled to a guarantee if they fulfil all the conditions for granting a guarantee in order to ensure the advantage is passed on to the largest possible extent to the tour operator. Furthermore, the Lithuanian authorities confirm that the applicable national provisions will ensure that when providing the guarantees the provisions of point 31 of the Temporary Framework will be complied with as per recitals (27) to (29) above.

2.7.2. The second measure

(31) The second measure provides for the issuance of loans from INVEGA directly to the beneficiaries. Under the measure, loans can be granted to tour operators that operate in Lithuania[7], as well as, where applicable, to the group of companies to which the borrowing tour operator belongs. In addition, loans can be granted to accommodation service providers and catering service providers.

(32) A loan under the second measure can be granted for the purposes of refunding travellers of organised trips cancelled due to the COVID-19 outbreak, in case the traveller has refused the issuance of a voucher. As regards accommodation and catering service providers, the loan aims to provide financing of the beneficiaries' working costs.

(33) The loan agreement can be concluded until 31 December 2020 at the latest. The loan payment to the beneficiary must be made no later than three months after the conclusion of the loan agreement and in any case no later than 31 March 2021.

(34) The maximum amount of loan per beneficiary must not exceed EUR 3 million. As regards tour operators, the maximum amount of the loan must not exceed the amounts of performance guarantee insurance provided by insurance companies and/or financial guarantee provided by a financial institution, in possession by the beneficiary at the time of the loan application, with an absolute maximum of EUR 3 million.

(35) Each beneficiary may be granted one loan under the second measure, up to the maximum loan amount (see recital (35) above). The maximum loan amount granted must not exceed twice the total annual amount of gross wages of the beneficiary's employees, inclusive of compulsory social security and health insurance contributions. If the beneficiary was operational in 2019 and earlier, the amount of gross wages is determined in accordance with the actual data of 2019. In cases where the beneficiary became operational after 1 January 2019, the amount of the loan may not exceed the projected total amount of gross wages to be paid during the first two years of its operation, calculated on the basis of the data of wages in place until 16 March 2020. The loan amount must not exceed 25% of the beneficiary's total turnover of 2019.

(36) Loans under the second measure shall be granted for a maximum period of 72 months (six years). If the loan, whose duration was initially less than 72 months, is extended up to maximum duration of 72 months, the loan interest must be recalculated for the entire amount of the loan and a higher interest rate applied than the ones indicated above, while taking into account the entire duration of the loan, including the loan extension period. If the requested loan amount is up to EUR 20,000, the maximum duration of the loan will be 18 months.

(37) The loans are subject to a fixed annual interest rate depending on the loan's duration, as follows:

Type of recipient	**Loan duration up**	**Loan duration from**	**Loan duration from 37**

[7] The beneficiary is considered to be operating in Lithuania if it creates jobs in Lithuania and/or pays taxes or contributions of the State Social Insurance Fund Board under the Ministry of Social Security and Labour to the budget of Lithuania on its activities.

	to 12 months (inclusive)	13 months to 36 months (inclusive)	months to 72 months (inclusive)
SMEs	0.1 %	0.19 %	0.69 %
Large enterprises	0.19 %	0.69 %	1.69 %

2.8. Cumulation

(38) Aid granted under the measures may be cumulated with aid under *de minimis* Regulations[8] or the GBER provided the provisions and cumulation rules of those Regulations are respected.

(39) Aid granted under the measures may be cumulated with aid granted under other measures approved by the Commission under other Sections of the Temporary Framework provided the provisions in those specific sections are respected.

(40) If the beneficiary receives aid on several occasions or in several forms under the measures or aid under other measures approved by the Commission under Section 3.1 of the Temporary Framework, the overall maximum cap per undertaking, as set out in point 22(a) of that framework, shall be respected.

(41) A beneficiary may benefit in parallel from multiple schemes under Section 3.1 and Section 3.3 provided the overall amount of loans per beneficiary does not exceed the ceilings set out in point 27(d) and (e) of the Temporary Framework.

2.9. Monitoring and reporting

(42) The Lithuanian authorities confirm that they will respect the monitoring and reporting obligations laid down in Section 4 of the Temporary Framework (including the obligation to publish relevant information on each individual aid granted under the measure on the comprehensive national State aid website or Commission's IT tool within 12 months from the moment of granting[9]).

3. ASSESSMENT

3.1. Lawfulness of the measures

(43) By notifying the measures before putting them into effect, the Lithuanian authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

(44) For a measure to be categorised as State aid within the meaning of Article 107(1) TFEU, all the conditions set out in that provision must be fulfilled. First, the

8 Commission Regulation (EU) No 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid (OJ L 352, 24.12.2013, p.1) and Commission Regulation (EU) No 360/2012 of 25 April 2012 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid granted to undertakings providing services of general economic interest (OJ L 114 of 26.4.2012, p. 8).

9 Referring to information required in Annex III to Commission Regulation (EU) No. 651/2014 of 17 June 2014 and Annex III to Commission Regulation (EU) No 702/2014 and Annex III of the Commission Regulation (EU) No 1388/2014 of 16 December 2014. For guarantees and loans the nominal value of the underlying instrument shall be inserted per beneficiary.

measure must be imputable to the State and financed through State resources. Second, it must confer an advantage on its recipients. Third, that advantage must be selective in nature. Fourth, the measure must distort or threaten to distort competition and affect trade between Member States.

(45) The measures at issue as described in Section 2 above are imputable to the State, since they are administered by the Ministry of Economy and Innovation of the Republic of Lithuania and INVEGA (see recital (13) above) and are based on the Draft Order of the Minister of Economy and Innovation of the Republic of Lithuania regarding the approval of regulations on the provision of guarantees securing performance of obligations of tour operators and on the Draft Order of the Minister of Economy and Innovation of the Republic of Lithuania on the approval of the State aid scheme on loans to tourism service providers and business entities providing catering services (see recital (12) above). They are financed through State resources, since they are financed from public funds (recital (14)).

(46) The measures confer an advantage on the beneficiaries in the form of individual guarantees and loans aimed at reducing financing risk and facilitate access to finance for contractual obligations of travel agencies, tour operators, accommodation and catering service providers, improving the liquidity of these undertakings (see recitals (24) and (32) above). The measures thus relieve the beneficiaries of costs which they would have had to bear under normal market conditions.

(47) The advantage granted by the measures is selective, since it is awarded only to certain undertakings active in the tourism travel, accommodation and catering sectors (see recital (22) above).

(48) The measures are liable to distort competition, since they strengthen the competitive position of their beneficiaries. They also affect trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.

(49) In view of the above, the Commission concludes that the measures constitute State aid within the meaning of Article 107(1) TFEU. The Lithuanian authorities do not contest that conclusion.

3.3. Compatibility

(50) Since the measures involve State aid within the meaning of Article 107(1) TFEU, it is necessary to consider whether they are compatible with the internal market.

(51) Pursuant to Article 107(3)(b) TFEU the Commission may declare compatible with the internal market aid "*to remedy a serious disturbance in the economy of a Member State*".

(52) By adopting the Temporary Framework on 19 March 2020, the Commission acknowledged (in Section 2) that "*the COVID-19 outbreak affects all Member States and that the containment measures taken by Member States impact undertakings*". The Commission concluded that "*State aid is justified and can be declared compatible with the internal market on the basis of Article 107(3)(b) TFEU, for a limited period, to remedy the liquidity shortage faced by*

undertakings and ensure that the disruptions caused by the COVID-19 outbreak do not undermine their viability, especially of SMEs".

(53) The measures aim at reducing financing risk, facilitating access to external finance and improving the liquidity of the beneficiaries at a time when the normal functioning of credit markets is severely disturbed by the COVID-19 outbreak and that outbreak is affecting the wider economy and leading to severe disturbances of the real economy of Member States.

(54) The measures form part of a series of measures conceived at national level by the Lithuanian authorities to remedy a serious disturbance in their economy. The importance of the measures to facilitate access to finance and reduce financing risk of undertakings during the COVID-19 outbreak and preserve economic continuity in the relevant sectors is widely accepted by economic commentators and the measure is of a scale which can be reasonably anticipated to produce effects across the travel, accommodation and catering sectors of the Lithuanian economy. Furthermore, the measures have been designed to meet the requirements of specific categories of aid, namely "*Limited amounts of aid*" described in Section 3.1 and "*Aid in the form of subsidised interest rates for loans*" described in Section 3.3 of the Temporary Framework, and the requirements for aid in the form of guarantees and loans channelled through credit institutions or other financial institutions described in Section 3.4 of the Temporary Framework.

(55) The Commission accordingly considers that the measures are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State and meet all the conditions of the Temporary Framework. In particular:

3.3.1. The first measure

(56) The first measure meets all the conditions of Sections 3.1 and 3.4 of the Temporary Framework. In particular:

- The aid takes the form of guarantees (see recital (11) above). The overall nominal value of the guarantees shall not exceed EUR 800 000 per undertaking; all figures used must be gross, that is, before any deduction of tax or other charges (see recital (25) above). The first measure therefore complies with point 22(a) of the Temporary Framework;

- Aid is granted under the first measure on the basis of a scheme with an estimated budget as indicated in recital (14) above. The first measure therefore complies with point 22(b) of the Temporary Framework;

- Aid will not be granted to undertakings under the first measure that were already in difficulty on 31 December 2019 (see recital (21) above). The first measure therefore complies with point 22(c) of the Temporary Framework;

- Aid will be granted under the first measure no later than 31 December 2020 (see recital (15) above). The first measure therefore complies with point 22(d) of the Temporary Framework;

- The first measure introduces safeguards in relation to the possible indirect aid in favour of the credit institutions or other financial institutions to limit undue distortions to competition. Prior to granting the aid under the measure, INVEGA shall assess how the provision of the guarantee can improve the conditions of an existing agreement on security of obligations' performance for the beneficiary. The improvement of the conditions of existing agreements by the guarantee shall be understood as reduction or cancelation of security required by the guarantee recipient, in favour of the beneficiary. As regards guarantees provided for new agreements, these constitute an important advantage for the final beneficiaries insofar as they allow them to have access to insurance coverage for the performance of their obligations, which they would otherwise not be able to obtain under normal market conditions. In fact, the guarantee recipients, absent the State (INVEGA) guarantee, would have refused to provide guarantees or would have provided them to a lesser extent as necessary for the tour operators to perform their activities and to recover from the crisis. INVEGA will in this regard ensure *inter alia* that the security measures required by the guarantee recipients for the granted security obligations' performance to the tour operator are reduced or cancelled (see recital (28) above). The safeguards thus ensure that these institutions, to the largest extent possible, pass on the advantages of the first measure to the final beneficiaries (see recitals (27) to (30) above). The first measure therefore complies with points 28 to 31 of the Temporary Framework.

- The cumulation rules set out in point 22a of the Temporary Framework are respected (see recitals (38) to (41) above).

- The Lithuanian authorities have confirmed that they will respect the monitoring and reporting rules laid down in Section 4 of the Temporary Framework (recital (42) above).

3.3.2. The second measure

(57) The second measure meets all the conditions of Section 3.3 of the Temporary Framework. In particular:

- The applicable interest rates for loans granted under the second measure are equal to the base rate (1 year IBOR or equivalent as published by the Commission)[10] applicable on 1 January 2020 plus a credit margin of (i) 0.25% for SMEs and 0.50% for large enterprises for loans with duration up to 12 months (inclusive); (ii) 0.50% for SMEs and 1% for large enterprises for loans with duration from 13 up to 36 months (inclusive); and 1% for SMEs and 2% for large enterprises for loans with duration from 37 months up to 72 months (recital (37)). Since a simple application of the above methodology for the loans for SMEs with maturity up to 12 months would result in an interest rate of -0.06%, the minimum required in footnote 24 to recital 27(a) of the Temporary Framework of 10 bps per

[10] Base rates calculated in accordance with Communication from the Commission on the revision of the method for setting the reference and discount rates (OJ C 14, 19.1.2008, p. 6).

year will be applied to those loans. The second measure therefore complies with point 27(a) of the Temporary Framework.

- The loan contracts are signed by 31 December 2020 at the latest and are limited to a maximum of six years (recital (36) above). The second measure therefore complies with point 27(c) of the Temporary Framework.

- For all loans (with a maturity both until and beyond 31 December 2020), the maximum loan amount per beneficiary is limited in line with point 27(d) of the Temporary Framework (recital (35) above).

- Loans granted under the second measure relate to working capital needs (recital (32) above). The second measure therefore complies with point 27(f) of the Temporary Framework.

- Undertakings already in difficulty on 31 December 2019 are excluded from benefitting from the second measure (recital (21) above). The second measure therefore complies with point 27(g) of the Temporary Framework.

- The cumulation rules set out in point 26bis of the Temporary Framework are respected (see recitals (38) to (41) above).

- The Lithuanian authorities have confirmed that they will respect the monitoring and reporting rules laid down in Section 4 of the Temporary Framework (recital (42) above).

4. COMPLIANCE WITH INTRINSICALLY LINKED PROVISIONS OF DIRECTIVE 2014/59/EU AND REGULATION (EU) 806/2014

(58) Without prejudice to the possible application of Directive 2014/59/EU on bank recovery and resolution (“BRRD”)[11] and of Regulation (EU) 806/2014 on the Single Resolution Mechanism (“SRMR”),[12] in the event that an institution benefiting from the measures meets the conditions for the application of that Directive or of that Regulation, the Commission notes that the notified measures do not appear to violate intrinsically linked provisions of the BRRD and the SRMR.

(59) In particular, aid granted by Member States to non-financial undertakings as final beneficiaries under Article 107(3)(b) TFEU in line with the Temporary Framework, which is channeled through credit institutions or other financial institutions as financial intermediaries, may also constitute an indirect advantage to those institutions.[13] Nevertheless, any such indirect aid granted under the measure does not have the objective of preserving or restoring the viability, liquidity or solvency of those institutions. The objective of the measure is to remedy the liquidity shortage faced by undertakings that are not financial institutions and to ensure that the disruptions caused by the COVID-19 outbreak

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11 OJ L 173, 12.6.2014, p. 190-348.
12 OJ L 225, 30.7.2014, p. 1-90.
13 Points 6 and 29 of the Temporary Framework.

do not undermine the viability of such undertakings, especially of SMEs. As a result, aid granted under the measure does not qualify as extraordinary public financial support under Art. 2(1) No 28 BRRD and Art. 3(1) No 29 SRMR.

(60) Moreover, as indicated in recital (56) above, the first measure introduces safeguards in relation to any possible indirect aid in favour of the credit institutions or other financial institutions to limit undue distortions to competition. Such safeguards ensure that those institutions, to the largest extent possible, pass on the advantages provided by the measure to the final beneficiaries.

(61) The Commission therefore concludes that the measures do not violate any intrinsically linked provisions of the BRRD and the SRMR.

5. CONCLUSION

The Commission has accordingly decided not to raise objections to the aid on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) of the Treaty on the Functioning of the European Union.

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

CERTIFIED COPY
For the Secretary-General,

Jordi AYET PUIGARNAU
Director of the Registry
EUROPEAN COMMISSION