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Subject: State Aid SA.61875 (2021/N) – Spain
COVID-19: Amendment of SA.56851 (2020/N), SA.57019 (2020/N) and SA.57659 (2020/N)

Excellency,

1. PROCEDURE

(1) By electronic notification of 10 March 2021, modified on 17 March 2021, Spain notified amendments concerning the following aid schemes ("the existing aid schemes") which the Commission already approved in light of the Temporary Framework for State aid measures to support the economy in the current COVID-19 outbreak (the "Temporary Framework")[1]:

(a) SA.56851 (2020/N): "*Umbrella Scheme - National Temporary Framework for State aid in the form of direct grants, repayable advances, tax or payments advantages, guarantees on loans and subsidised interest rates for loans to support the economy in the current COVID outbreak*" ("Umbrella Scheme"), which the Commission approved on 2 April 2020 (the "Umbrella Scheme decision"). The Umbrella Scheme was amended

[1] Communication from the Commission - Temporary framework for State aid measures to support the economy in the current COVID-19 outbreak (OJ C 91I, 20.3.2020, p. 1), as amended by Commission Communications C(2020) 2215 (OJ C 112I, 4.4.2020, p. 1), C(2020) 3156 (OJ C 164, 13.5.2020, p. 3), C(2020) 4509 (OJ C 218, 2.7.2020, p. 3), C(2020) 7127 (OJ C 340I, 13.10.2020, p. 1) and C(2021) 564 (OJ C 34, 1.2.2021, p. 6).

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by SA.57019 (2020/N) on 24 April 2020, SA.58778 (2020/N) on 22 October 2020 ("second amendment to the Umbrella Scheme"), SA.59196 (2020/N) on 11 December 2020 ("third amendment to the Umbrella Scheme") and SA.59723 (2021/N) on 19 February 2021 ("fourth amendment to the Umbrella Scheme").

(b) SA.57019 (2020/N): "*Second National Temporary Framework for State aid related to the containment of the COVID-19 outbreak*" ("Second Umbrella Scheme"), which the Commission approved on 24 April 2020, prolonged by SA.60136 (2020/N) on 23 December 2020.

(c) SA.57659 (2020/N): "*COVID 19 – Recapitalisation fund*" ("Recapitalisation fund"), which the Commission approved on 31 July 2020, prolonged by SA.60136 (2020/N) on 23 December 2020.

(2) Spain 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

(3) The fifth amendment to the Temporary Framework[3] prolongs its validity until 31 December 2021 and further expands the scope of the measures.

(4) Taking into consideration the Temporary Framework after its fifth amendment, the Spanish authorities wish to implement a set of modifications to the existing aid schemes (see recitals (6) to (17) below).

(5) Spain confirms that there are no other modifications to the existing aid schemes.

2.1. Amendments to the Umbrella Scheme

(6) The legal basis for the Umbrella Scheme is specified in recital (9) of the Umbrella Scheme decision. The legal bases for the first, second, third and fourth amendment thereof are specified in recital (11) of decision SA.57019, recital (5) of decision SA.58778, recital (10) of decision SA.59196 and recital (15) of decision SA.59723. The legal basis for the current amendments is the Agreement of the Government's Delegate Commission for Economic Affairs of 5 February 2021, which includes a standstill clause in order to ensure that the measure is not put in place before the Commission's approval.

(7) Spain prolongs the duration of the Umbrella Scheme until 31 December 2021. Aid can only be granted until that date.

(8) Spain increases the budget for limited amounts of aid granted under section 3.1 of the Temporary Framework by EUR 10 billion, from EUR 3.65 billion to EUR

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

3 Communication C(2021) 564 (OJ C 34, 1.2.2021, p. 6).

13.65 billion. This increase is linked to the additional aid Spain will grant, in the context of the prolongation of the COVID-19 crisis and the need to provide further support to self-employed and businesses.

(9) Spain amends the Umbrella Scheme in order to allow access to micro and small enterprises to aid related to research, development and innovation activities, even if they were in difficulty within the meaning of the General Block Exemption Regulation ("GBER"), the Agricultural Block Exemption Regulation ("ABER") or the Fisheries Block Exemption Regulation ("FIBER) [4], as applicable, on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid[5] or restructuring aid[6]. Medium and large enterprises and those micro and small enterprises that do not carry out research, development and innovation activities that were already in difficulty on 31 December 2019 are excluded from the measures. The relevant aid measures are granted under sections 3.1, 3.2, 3.3 and 3.12 of the Temporary Framework.

(10) Spain increases the aid ceilings set out for limited amounts of aid[7] granted in line with section 3.1 of the Temporary Framework. The new ceilings are established at a nominal value of EUR 1.8 million per undertaking with the exception of undertakings active in the fishery and aquaculture sector (EUR 270 000) or the primary production of agricultural products (EUR 225 000).

(11) Spain sets up the possibility to convert existing aid that was granted under sections 3.1, 3.2, 3.3 and 3.12 of the Temporary Framework in form of repayable advances, guarantees, loans or other repayable instruments into other forms of aid such as grants. Spain has clarified that this conversion includes the possibility to set more advantageous terms for existing guarantees, for instance by extending their maturity beyond 8 years and by accommodating the existing guarantee to the conversion of an underlying senior loan into a participating loan. The conversion will occur by 31 December 2022 at the latest and will comply with the conditions set out in section 3.1 of the Temporary Framework. For the avoidance of doubt,

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[4] 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, 26.6.2014, p. 1, Article 2(14) of Commission Regulation (EU) No 702/2014 of 25 June 2014 declaring certain categories of aid in the agricultural and forestry sectors and in rural areas compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 193, 1.7.2014, p. 1, and Article 3(5) of Commission Regulation (EU) No 1388/2014 of 16 December 2014 declaring certain categories of aid to undertakings active in the production, processing and marketing of fishery and aquaculture products compatible with the internal market in application of Articles 107 and 108 of the Treaty, OJ L 369, 24.12.2014, p. 37.

[5] Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

[6] Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

[7] See recitals (15) to (21) of the Umbrella Scheme decision and recitals (22) and (23) of the second Umbrella Scheme decision, amending the Umbrella Scheme.

the proposed amendment will also allow the conversion of guarantees granted under the aid scheme authorised by decision SA.58603 and its amendment.[8]

(12) Spain enables guarantees on newly issued debt instruments which are subordinated to ordinary senior creditors in the case of insolvency proceedings:

(a) Guarantees shall relate to investment and working capital loans.

(b) The duration of the guarantee is limited to maximum eight years.

(c) The guarantee may cover as a maximum:

i. For self-employed and SMEs, up to 80% of the underlying subordinated debt instruments.

ii. For large undertakings, up to 70% of the underlying subordinated debt instruments.

(d) Losses are sustained proportionally and under the same conditions by the financial intermediary and the competent granting authority. When the size of the debt decreases over time, the guaranteed amount must decrease proportionally.

(e) The following flat guarantee premiums are established:

Beneficiaries	*Type*	*Coverage*	*Annual guarantee premium (bps) per maturity*					
			1 year	*2 and 3 years*	*4 and 5 years*	*6 years*	*7 years*	*8 years*
SMEs and self employed	New loans and Refinancing operations	80%	170	180	230	230	319	385
Large companies	New loans	70%	230	260	320	325	460	546
	Refinancing operations	60%	225	250	300	310	435	514

(f) The amount of the guaranteed subordinated debt will not exceed the larger of the following ceilings:

8 SA.56803 (2020/N): “COVID-19 - Guarantee scheme to companies and self-employed to support the economy in the current COVID-19 outbreak”, which the Commission approved on 24 March 2020 and was amended once by SA.58096 (2020/N) on 5 August 2020.

i. Two thirds of the annual wage bill of the beneficiary for large enterprises and the annual wage bill of the beneficiary for SMEs[9] and

ii. 8.4% of the beneficiary's total turnover in 2019 for large enterprise and 12.5% of the beneficiary's total turnover in 2019 for SMEs.

(g) Aid granted under the measure shall not be cumulated with aid granted for the same underlying loan principal under section 3.3 of the Temporary Framework and vice versa. Aid granted under the measure and section 3.3 of the Temporary Framework may be cumulated for different loans provided the overall amount of loans per beneficiary does not exceed the ceilings set out in point 25(d) or in point 27(d) of the Temporary Framework. A beneficiary may benefit in parallel from multiple measures under section 3.2 of the Temporary Framework provided the overall amount of loans per beneficiary does not exceed the ceilings set out in point 25(d) and (e).

(h) The same safeguards applied for guarantees on senior loans (see recitals (22)(f) and (24) of the Umbrella Scheme decision) to ensure pass-on to the largest extent possible of the benefit to final beneficiaries will apply to guarantees on subordinated debt.

(i) Mobilisation of the guarantees is contractually linked to specific conditions, which have to be agreed between the parties when the guarantee is initially granted.

2.2. Amendments to the second Umbrella Scheme

(13) The legal basis for the second Umbrella Scheme is specified in recital (11) of Decision SA.57019, and for its prolongation in recital (6) of Decision SA.60136. The legal basis for the current amendments is the Agreement of the Government's Delegate Commission for Economic Affairs of 5 February 2021, which includes a standstill clause in order to ensure that the measure is not put in place before the Commission's approval.

(14) Spain prolongs the duration of the second Umbrella Scheme until 31 December 2021. Aid can only be granted until that date.

(15) Spain amends the second Umbrella Scheme in order to allow access to micro and small enterprises to aid related to research, development and innovation, even if they were in difficulty within the meaning of the GBER, ABER or FIBER, as applicable, on 31 December 2019, if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid[10] or restructuring aid[11]. Medium and large

[9] Same definition of annual wage bill as in recital (22) (c) of the Umbrella Scheme decision.

[10] Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

[11] Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

enterprises and those micro and small enterprises that do not carry out research, development and innovation activities that were already in difficulty on 31 December 2019 are excluded from the measures. The relevant aid measures are granted under sections 3.6, 3.7, 3.8, 3.9 and 3.10 of the Temporary Framework.

2.3. Amendments to the Recapitalisation Fund

(16) The legal basis for the Recapitalisation Fund is specified in recital (7) of Decision SA.57659, and the legal basis for its first prolongation is specified in recital (7) of Decision SA.60136. The legal basis for the current prolongation of the period of application is, as for its first prolongation, the Agreement of the Council of Ministers establishing the operation of the Support Fund for the solvency of companies[12], which explicitly foresees that temporary support under such scheme can be granted until 30 June, 2021, "*or until a later date the Temporary Framework may establish*".

(17) Spain prolongs the duration of the Recapitalisation Fund until 31 December 2021. Aid can only be granted until that date.

2.4. Scope of application by the designated granting authorities

(18) Spain commits to fully respect the compatibility conditions established in the Temporary Framework. The granting authorities will ensure full respect of the compatibility conditions as reflected in the relevant authorising decisions and the amendments thereof when applying the Umbrella Scheme and the Second Umbrella Scheme.

3. ASSESSMENT

3.1. Lawfulness of the measure

(19) By notifying the amendments before putting them into effect, the Spanish authorities have respected their obligations under Article 108(3) TFEU.

3.2. Existence of State aid

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

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12 « *Acuerdo de Consejo de Ministros por el que se establece el funcionamiento del Fondo de Apoyo a la solvencia de empresas* » adopted on 21 July 2020, published in the Official Bulletin of 24 July de 2020.

(21) The decisions approving the existing aid schemes conclude that the measures constitute aid within the meaning of Article 107(1) TFEU and this conclusion is confirmed by the respective amendment decisions.[13] The reasons are set out in the specific assessment of those decisions.[14]

(22) The notified amendments do not alter those conclusions. The Commission therefore refers to the respective assessment of the existing aid schemes and concludes that the amended schemes constitute State aid in the meaning of Article 107(1) of the TFEU. The Spanish authorities do not contest that conclusion.

(23) In the case of guarantees on newly issued subordinated debt instruments (recital (12)) granted under the Umbrella Scheme:

(a) These guarantees are imputable to the State, since they are administered by the competent granting authorities and they are based on a legislative act (as specified in recitals (9) and (10) of the Umbrella Scheme decision and recital (6) of the present decision).

(b) They are financed through State resources, since they are financed by public funds (see recital (11) of the Umbrella Scheme decision).

(c) They are designed at favourable guarantee premiums and thus represent an advantage, by relieving the beneficiaries of costs, which they would have had to bear under normal market conditions (recital (12) of the present decision).

(d) The advantages granted by this measure are selective, since they are awarded only to certain undertakings, excluding the financial sector (see recitals (14) and (42) of the Umbrella Scheme decision) and enterprises that were already in difficulty on 31 December 2019, except micro and small enterprises specified in recital (9) of this decision.

(e) This measure is liable to distort competition, since it strengthens the competitive position of the beneficiaries. It also affects trade between Member States, since those beneficiaries are active in sectors in which intra-Union trade exists.

(24) The Commission therefore concludes that the new aid measure of guarantees on newly issued subordinated debt instruments constitutes aid within the meaning of Article 107(1) TFEU and the Spanish authorities do not contest that conclusion.

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13 See recital (1) for the list of existing aid schemes and their respective amendments.

14 See recitals (39) to (44) of the Umbrella Scheme decision; see recitals (60) to (65) of the second Umbrella Scheme decision (also amending the Umbrella Scheme); see recitals (15) and (16) of the decision on the second amendment to the Umbrella Scheme, see recitals (26) to (32) of the decision on the third amendment to the Umbrella Scheme; see recitals (41) to (47) of the decision on the fourth amendment to the Umbrella Scheme; see recitals (48) to (53) of the Recapitalisation fund decision.

3.3. Compatibility

(25) The Commission assessed the existing aid schemes on the basis of Article 107(3)(b) and 107(3)(c) TFEU in light of the Temporary Framework and concluded that the existing aid schemes were compliant with the compatibility conditions set out in the Temporary Framework.

(26) The Commission refers to its analysis of compatibility as set out in the decisions approving the existing aid schemes referred to in recital (1).[15]

(27) The Commission considers that the extension of measures under the existing aid schemes until 31 December 2021 (recitals (7), (14) and (17)) meet the conditions of the Temporary Framework and does not alter the Commission's conclusions on the compatibility of the existing aid schemes (see footnote 15 in recital (26)).

(28) The third amendment to the Temporary Framework acknowledges that micro and small undertakings have been particularly affected by the liquidity shortage caused by the economic impact of the COVID-19 outbreak. Its points 5 and 6 motivate the reasons for granting aid to undertakings even if they were in difficulty, within the meaning of the relevant Block Exemption Regulations (GBER, ABER and FIBER), on 31 December 2019.

(29) The notified amendments allow the granting of aid under the Umbrella Scheme and the second Umbrella Scheme to micro and small enterprises for research, development and innovation activities even if they were already in difficulty on 31 December 2019. This condition is only applicable if those enterprises, at the moment of granting the aid, are not subject to collective insolvency procedure under national law and they have not received rescue aid[16] or restructuring aid[17] (recitals (9) and (15)). The amended measures therefore comply with points 22(c)bis, 25(h)bis, 27(g)bis, 35(h)bis, 37(k)bis, 39(i)bis and 87(f) of the Temporary Framework and do not alter the Commission's conclusions on the compatibility of the Umbrella Scheme and second Umbrella Scheme (recital (26)).

(30) Point 9 of the fifth amendment to the Temporary Framework considers necessary to increase the aid ceilings set out in section 3.1 due to the continued impact of the COVID-19 outbreak and the lapse of time since the adoption of the Temporary Framework.

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[15] See recitals (45) to (54) of the Umbrella Scheme decision; see recitals (67) to (81) of the second Umbrella Scheme decision (also amending the Umbrella Scheme); see recitals (17) and (26) of the decision on the second amendment to the Umbrella Scheme, see recitals (33) to (44) of the decision on the third amendment to the Umbrella Scheme; see recitals (48) to (63) of the decision on the fourth amendment to the Umbrella Scheme; see recitals (54) to (92) of the Recapitalisation fund decision.

[16] Alternatively, if they have received rescue aid, they have reimbursed the loan or terminated the guarantee at the moment of granting of the aid under the notified measure.

[17] Alternatively, if they have received restructuring aid, they are no longer subject to a restructuring plan at the moment of granting of the aid under the notified measure.

(31) The increases to the overall nominal values for aid granted under the Umbrella Scheme in accordance to section 3.1 of the Temporary Framework are described in recital (10). The amended measure in the Umbrella Scheme therefore complies with points 22(a) and 23(a) of the Temporary Framework.

(32) Point 10 of the fifth amendment to the Temporary Framework aims at incentivising the initial selection of repayable forms of aid, allowing for the possibility to convert repayable instruments up to the ceilings under section 3.1 of the Temporary Framework into other forms of aid such as grants.

(33) The notified amendment (recital (11)) provides for the conversion into other aid forms such as grants of existing aid granted under the Temporary Framework in the form of repayable advances, guarantees, loans or other repayable instruments, in full compliance with the conditions and ceilings set up in section 3.1 of the Temporary Framework, provided that such conversion takes place by 31 December 2022 at the latest. The possibility to set more advantageous terms for existing guarantees, for instance by extending their maturity beyond 8 years and by accommodating the existing guarantee to the conversion of an underlying senior loan into a participating loan, can be considered as a conversion into other aid form. This possibility is also subject to full compliance with the conditions and ceilings set up in section 3.1 of the Temporary Framework, and conversion should take place by 31 December 2022 at the latest. This amendment therefore complies with point 23ter of the Temporary Framework.

(34) The fifth amendment to the Temporary Framework introduces the possibility of granting aid in the form of guarantees on newly issued subordinated debt instruments. The new measure under the Umbrella Scheme complies with the following requirements:

(a) The measure sets minimum levels for flat guarantee premiums for SMEs and large enterprises on instruments with a maturity of up to 8 years (recital (12)(e)). The flat guarantee premiums for maturities of up to 6 years are calculated on the basis of the modulated flat guarantee premiums for guarantees on senior loans, authorised under the third amendment to the Umbrella Scheme[18], and adding the respective subordination add-on of 200 bps for large enterprises and 150 bps for SMEs, as indicated in point 25bis of the Temporary Framework. In the case of flat guarantee premiums for maturities of 7 and 8 years, the Commission notes that the higher flat guarantee premiums consider the exceptional nature of such long maturity while also accounting for lower coverage ratios (80%, 70% and 60%) compared to those referred in point 25(f)(i) of the Temporary Framework. The advantage to the final beneficiary resulting from it is comparable to the one received under the standard conditions laid down in point 25bis of the Temporary Framework. The measure therefore complies with point 25bis in conjunction with point 25(b) of the Temporary Framework.

[18] See recital (40) of the decision on the third amendment to the Umbrella Scheme.

(b) Guarantees may be granted under the measure by 31 December 2021 at the latest, as outlined in recital (7) and assessed in recital (27). The measure therefore complies with point 25bis in conjunction with 25(c) of the Temporary Framework.

(c) As described in (recital (12)(f)), the amount of the guaranteed subordinated debt under the measure does not exceed the larger of the following ceilings: (i) two thirds of the annual wage bill of the beneficiary for large enterprises and the annual wage bill of the beneficiary for SMEs, as defined in point 25(d)(i), and (ii) 8.4% of the beneficiary's total turnover in 2019 for large enterprise and 12.5% of the beneficiary's total turnover in 2019 for SMEs. The measure therefore complies with point 25bis (i) and (ii) of the Temporary Framework.

(d) The measure limits the duration of the guarantees to a maximum of eight years. Those guarantees cover up to 60%, 70% and 80% of the principal and losses stemming from the instrument are sustained proportionally and under the same conditions by the credit institutions and the State. Furthermore, when the size of the instrument decreases over time, the guaranteed amount decreases proportionally (recital (12)(d)). The measure therefore complies with point 25bis in conjunction with 25(f) of the Temporary Framework.

(e) Guarantees granted under the measure relate to investment and working capital instruments (recital (12)(a)). The measure therefore complies with point 25bis in conjunction with 25(g) of the Temporary Framework.

(f) The measure applies the derogation for micro and small enterprises that carry out research, development and innovation activities that were in difficulty on 31 December 2019 (recital (9)). As a consequence, aid may not be granted under the measure neither to medium[19] and large enterprises nor to micro and small enterprises that do not carry out research, development and innovation activities, if they were already in difficulty on 31 December 2019. The measure therefore complies with point 25bis in conjunction with points 25(h) and 25(h)bis of the Temporary Framework as already assessed in recital (29).

(g) The measure includes safeguards in relation to the possible indirect aid in favour of the credit institutions or other financial institutions to limit undue distortions to competition. Those safeguards are the same already included in the Umbrella Scheme for guarantees on senior loans, in particular, i) all commercial banks will have access to the scheme, creating competition among banks; ii) the interest rates applied by the banks to final beneficiaries will have to be in line with those applied before the beginning of the COVID-19 outbreak for a debt instrument of comparable risk and duration (taking into account the public guarantee) and iii) for refinancing operations, the granting authorities will ensure the obligation for the financial intermediaries to report the amount of aid that is passed-on to the final beneficiaries. These measures ensure competition among

[19] As defined in Annex I to the GBER.

banks and lower interest rates for final beneficiaries than would be applied without the measure. Regarding refinancing operations, as foreseen in recital 24(b) of the Umbrella Scheme decision, granting authorities will set up a stricter monitoring of the benefits for final beneficiaries. The safeguards thus ensure that those institutions, to the largest extent possible, pass on the advantages of the measure to the final beneficiaries (recital (12)(h)). The measure therefore complies with points 28 to 31 of the Temporary Framework.

(h) The cumulation rules set out in point 24bis of the Temporary Framework are respected (recital (12)(g)).

(i) The mobilisation of the guarantees is contractually linked to specific conditions, which have to be agreed between the parties when the guarantee is initially granted (recital (12)(i)).

(35) Spain has committed not to make changes (recital (18)) in the application of the Umbrella Scheme and the Second Umbrella Scheme that would affect the essential elements for the compatibility assessment as described in the authorising decisions and amendments for the existing aid schemes.

(36) As there are no further changes (5) that affect the compatibility assessment, the Commission accordingly considers that the notified measures are necessary, appropriate and proportionate to remedy a serious disturbance in the economy of a Member State pursuant to Article 107(3)(b) TFEU since they meet all the conditions of the Temporary Framework. In the specific cases of aid for COVID-19 relevant research and development, testing and upscaling infrastructures and production of COVID-19 relevant products, the Commission concludes that the positive effects of the amended measures continue outweighing its potential negative effects on competition and trade.

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

(37) Without prejudice to the possible application of Directive 2014/59/EU on bank recovery and resolution (“BRRD”)[20] and of Regulation (EU) 806/2014 on the Single Resolution Mechanism (“SRMR”),[21] in the event that an institution benefiting from the measure meets the conditions for the application of that Directive or of that Regulation, the Commission notes that the measure does not appear to violate intrinsically linked provisions of the BRRD and the SRMR.

(38) 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.[22] Nevertheless, any such indirect aid granted under the

[20] OJ L 173, 12.6.2014, p. 190.

[21] OJ L 225, 30.7.2014, p. 1.

[22] Points 6 and 29 of the Temporary Framework.

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 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 Article 2(1)(28) BRRD and Article 3(1)(29) SRMR.

(39) Moreover, as indicated in recitals (12)(h) and (34)(g) above, the 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.

(40) The Commission therefore concludes that the measure does 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 concerning the Umbrella Scheme and Recapitalisation Fund 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, and to the aid concerning the Second Umbrella Scheme on the grounds that it is compatible with the internal market pursuant to Article 107(3)(b) and Article 107(3)(c) of the Treaty on the Functioning of the European Union.

The decision is based on non-confidential information and is therefore published in full on the Internet site: http://ec.europa.eu/competition/elojade/isef/index.cfm

Yours faithfully,

For the Commission

Margrethe VESTAGER
Executive Vice-President

CERTIFIED COPY
For the Secretary-General

Martine DEPREZ
Director
Decision-making & Collegiality
EUROPEAN COMMISSION