



EUROPEAN COMMISSION
Executive Agency for Small and Medium-sized
Enterprises (EASME)

Director



H2020¹ MULTI-BENEFICIARY GENERAL MODEL GRANT AGREEMENT FOR SME INSTRUMENT PHASE 1² (SME Ph1 — MULTI)

Introductory remark

SME Ph1— Multi deviates from the General MGA — Multi as follows:

- Article 4 (estimated budget of the action)
- Article 5 (maximum grant amount, form of grant and reimbursement rate)
- Article 6 (lump sum specific form of costs)
- Article 7 (specific provision for SME Ph1)
- Article 8, 12, 14, 15, 16, 23a-33, 37, 39 (not applicable)
- Article 10 (SME Ph1 specific provision for purchase)
- Article 13 (SME Ph1 specific provision subcontracting)
- Article 18 (SME Ph1 specific provision for record-keeping)
- Article 20 (SME Ph1 specific reporting provisions)
- Article 21 (SME Ph1 specific payment provisions)
- Article 36 (SME Ph1 specific provision on confidentiality)
- Article 38 (SME Ph1 specific provision on promoting the action)
- Article 42 (SME Ph1 specific provision for lump-sum)
- Article 50 (SME Ph1 specific provision for lump-sum)
- Annex 2 Model for the estimated budget for the action
- Annex 4 Model for the financial statement

- **Footnotes in blue will not appear in the text generated by the IT system for signature (since they are internal instructions only).**
- **Text in grey indicates that text which appears in the General MGA — Multi is not applicable in this grant agreement.**

¹ Regulation (EU) No 1291/2013 of the European Parliament and of the Council of 11 December 2013 establishing Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020) ('**H2020 Framework Programme Regulation No 1291/2013**') (OJ L 347, 20.12.2013 p.104).

² SME Instrument Phase 1 grants fund small and medium sized enterprises ('SMEs') which explore the feasibility and commercial potential and viability of new breakthrough ideas (proof of concept) (new products, processes, services and technologies or new market applications of existing technologies).

- For options [*in italics, in square brackets*]: the applicable option must be chosen in the IT system. Options not chosen will automatically either not appear or appear as 'not applicable'. Options chosen will appear *in italics* without brackets and without the Option title (to allow beneficiaries to easily spot that a specific rule applies).
- For fields in [grey in square brackets] (even if they are part of an option as specified in the previous item): enter the appropriate data in the IT system.
- The IT system will generate a data sheet confirming the options chosen and the data entered.

The main changes compared to version 1 of the model grant agreement are as follows:

- Art 20.4: there is only one financial statement for the consortium.
- Article 21.2 "Pre-financing payment – Amount – Amount retained for the Guarantee Fund" in order to give the possibility to the consortium to receive the pre-financing payment at an earlier date, namely 10 days prior to the starting date of the action.
- Art 21.4: only the coordinator is financially responsible.
- Art 50: In case of termination of one or more beneficiaries, if the GA continues (i.e. it is amended), there is no calculation of the amount due to the beneficiary whose participation is terminated.

Other minor drafting changes and corrections of clerical mistakes can be viewed in a [version with tracked changes](#).

GRANT AGREEMENT

NUMBER [insert number] — [insert acronym]

This Agreement ('the Agreement') is **between** the following parties:

on the one part,

the **Executive Agency for Small and Medium-sized Enterprises (EASME)** ('the Agency'), under the powers delegated by the European Commission ('the Commission'), represented for the purposes of signature of this Agreement by [[function, [Directorate-General, Directorate, Unit] [Department]], [forename and surname]],³

and

on the other part,

1. 'the coordinator':

[full official name (short name)][legal form], [official registration No], established in [official address in full], [VAT number], represented for the purposes of signing the Agreement by [function, forename and surname]

³ The person representing the Agency must be an authorising officer (by delegation or sub-delegation) designated in accordance with document 60008 of 22.2.2001 'Mise en place de la Charte des ordonnateurs'.

and the following other beneficiaries, if they sign their ‘Accession Form’ (see Annex 3 and Article 56):

2. [full official name (short name)][legal form], [official registration No], established in [official address in full] [VAT number],

*[OPTION for beneficiaries not receiving EU funding: X. [full official name (short name)] [legal form], [official registration No], established in [official address in full] [VAT number], as ‘beneficiary not receiving EU funding’ (see Article 9),]*⁴

[same for each beneficiary]

.

Unless otherwise specified, references to ‘beneficiary’ or ‘beneficiaries’ include the coordinator.

The parties referred to above have agreed to enter into the Agreement under the terms and conditions below.

By signing the Agreement or the Accession Form, the beneficiaries accept the grant and agree to implement it, under their own responsibility and in accordance with the Agreement, with all the obligations and conditions it sets out.

The Agreement is composed of:

Terms and Conditions

Annex 1 Description of the action

Annex 2 Estimated budget for the action

Annex 3 Accession Form for beneficiaries

Annex 4 Model for the financial statements

Annex 5 Not applicable

Annex 6 Not applicable

⁴ Text in *italics* shows the options of the Model Grant Agreement that are applicable to this Agreement.

TERMS AND CONDITIONS

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CHAPTER 1 GENERAL

ARTICLE 1 — SUBJECT OF THE AGREEMENT

This Agreement sets out the rights and obligations and the terms and conditions applicable to the grant awarded to the beneficiaries for implementing the action set out in Chapter 2.

CHAPTER 2 ACTION

ARTICLE 2 — ACTION TO BE IMPLEMENTED

The grant is awarded for the action entitled [insert title of the action] — [insert acronym] ('**action**'), as described in Annex 1.

ARTICLE 3 — DURATION AND STARTING DATE OF THE ACTION

The duration of the action will be [insert number] months as of [*OPTION by default: the first day of the month following the date the Agreement enters into force (see Article 58)*] [*OPTION if needed for the action: [insert date]*]⁵ ('**starting date of the action**').

ARTICLE 4 — ESTIMATED BUDGET AND BUDGET TRANSFERS

4.1 Estimated budget

The '**estimated budget**' for the action is set out in Annex 2.

It contains the budget category, the estimated eligible costs and the form of costs (see Articles 5 and 6).

4.2 Budget transfers

Not applicable

CHAPTER 3 GRANT

ARTICLE 5 — GRANT AMOUNT, FORM OF GRANT, REIMBURSEMENT RATES AND FORMS OF COSTS

5.1 Maximum grant amount

The maximum grant amount is **EUR 50 000** (fifty thousand euros).

5.2 Form of grant, reimbursement rate and form of costs

⁵ This date must be the first day of a month and it must be later than the date of entry into force of the agreement, unless authorised otherwise by the authorising officer, if the applicant can demonstrate the need to start the action before the entry into force of the grant agreement or the need to start the action on another day than the first day of the month. In any case, the starting date should not be earlier than the date of the submission of the grant application (Article 130 FR).

The grant reimburses **70%** of the action's eligible costs (see Article 6) ('**reimbursement of eligible costs grant**') (see Annex 2).

The estimated eligible costs of the action are **EUR 71 429** (seventy one thousand four hundred and twenty nine).

Eligible costs (see Article 6) for the **costs for the feasibility study** must be declared as the lump sum set out in Annex 2 (i.e. under the form of '**lump sum costs**').

5.3 Final grant amount — Calculation

The final grant amount depends on the proper implementation of the action in accordance with the Agreement's terms and conditions.

This **amount** is calculated by the Agency — when the payment of the balance is made (see Article 21) — in the following steps:

Step 1 — Application of the reimbursement rate

Step 2 — Reduction due to breach of obligations

5.3.1 Step 1 — Application of the reimbursement rates to the eligible costs

The reimbursement rate (see Article 5.2) is applied to the eligible costs (lump sum costs; see Article 6) declared by the consortium and approved by the Agency (see Article 21).

5.3.2 Step 2 — Reduction due to breach of obligations other than improper implementation — Reduced maximum grant amount — Calculation

If the grant is reduced (see Article 43), the Agency will calculate the reduced maximum grant amount by deducting the amount of the reduction (calculated in proportion to the seriousness of the breach of obligations in accordance with Article 43.2) from the maximum grant amount set out in Article 5.1.

In this case, the final grant amount will be the lower of the following two:

- the amount obtained in Step 1 or
- the amount obtained in Step 2.

5.4 Revised final grant amount — Calculation

If — after the payment of the balance (in particular, after checks, reviews, audits or investigations; see Article 22) — the Agency rejects costs (see Article 42) or reduces the grant (see Article 43), it will calculate the '**revised final grant amount**'.

This **amount** is calculated by the Agency on the basis of the findings, as follows:

- in case of **rejection of costs**: by applying the reimbursement rate to the revised eligible costs approved by the Agency;
- in case of **reduction of the grant**: in proportion to the seriousness of its breach of obligations (see Article 43.2).

In case of **rejection of costs and reduction of the grant**, the revised final grant amount will be the lower of the two amounts above.

ARTICLE 6 — ELIGIBLE AND INELIGIBLE COSTS

6.1 Eligible costs

Costs for the budget category:

A. Costs for the feasibility study (direct and indirect costs)

are eligible ('eligible costs'), if they correspond to the lump sum set out in Annex 2 and if the corresponding tasks or parts of the action have been properly implemented in accordance with Annex 1.

6.2 Ineligible costs

'Ineligible costs' are:

- (a) costs that do not comply with the conditions set out above (see Article 6.1) and
 - (b) costs reimbursed under another EU or Euratom grant (including grants awarded by a Member State and financed by the EU or Euratom budget and grants awarded by bodies other than the Agency for the purpose of implementing the EU and Euratom budget.
- [(c) **OPTION for cost categories explicitly excluded in the work programme:** [insert name of excluded cost category]].*

6.3 Consequences of declaration of ineligible costs

Declared costs that are ineligible will be rejected (see Article 42).

This may also lead to any of the other measures described in Chapter 6.

CHAPTER 4 RIGHTS AND OBLIGATIONS OF THE PARTIES

SECTION 1 RIGHTS AND OBLIGATIONS RELATED TO IMPLEMENTING THE ACTION

ARTICLE 7 — GENERAL OBLIGATION TO PROPERLY IMPLEMENT THE ACTION

7.1 General obligation to properly implement the action

The beneficiaries must implement the action as described in Annex 1 and in compliance with the provisions of the Agreement and all legal obligations under applicable EU, international and national law.

7.2 Consequences of non-compliance

If a beneficiary does not properly implement the action (or part of it), the corresponding costs will be ineligible (see Article 6) and will be rejected (see Article 42).

If a beneficiary breaches any other obligation, the grant may be reduced (see Article 43).

This may also lead to any of the other measures described in Chapter 6.

ARTICLE 8 — RESOURCES TO IMPLEMENT THE ACTION — THIRD PARTIES INVOLVED IN THE ACTION

The beneficiary must have the appropriate resources to implement the action.

If it is necessary to implement the action, the beneficiary may:

- purchase goods, works and services (see Article 10) and
- call upon subcontractors to implement action tasks described in Annex 1 (see Article 13).

In these cases, the beneficiary retains sole responsibility towards the Agency for implementing the action.

ARTICLE 9 — IMPLEMENTATION OF ACTION TASKS BY BENEFICIARIES NOT RECEIVING EU FUNDING

Not applicable

ARTICLE 10 — PURCHASE OF GOODS, WORKS OR SERVICES

10.1 Rules for purchasing goods, works or services

If necessary to implement the action, the beneficiaries may purchase goods, works or services.

The beneficiaries must make such purchases ensuring the best value for money or, if appropriate, the lowest price. In doing so, they must avoid any conflict of interests (see Article 35).

The beneficiaries must ensure that the Agency or the Commission, the European Court of Auditors (ECA) and the European Anti-fraud Office (OLAF) can exercise their rights under Articles 22 and 23 also towards their contractors.

10.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 11 — USE OF IN-KIND CONTRIBUTIONS PROVIDED BY THIRD PARTIES AGAINST PAYMENT

Not applicable

ARTICLE 12 — USE OF IN-KIND CONTRIBUTIONS PROVIDED BY THIRD PARTIES FREE OF CHARGE

Not applicable

ARTICLE 13 — IMPLEMENTATION OF ACTION TASKS BY SUBCONTRACTORS

13.1 Rules for subcontracting action tasks

If necessary to implement the action, the beneficiaries may award subcontracts covering the implementation of certain action tasks described in Annex 1.

The beneficiaries must award the subcontracts ensuring the best value for money or, if appropriate, the lowest price. In doing so, they must avoid any conflict of interests (see Article 35).

The beneficiaries must ensure that the Agency or the Commission, the European Court of Auditors (ECA) and the European Anti-fraud Office (OLAF) can exercise their rights under Articles 22 and 23 also towards their subcontractors.

The beneficiaries must ensure that their obligations under Articles 35, 36, 38 and 46 also apply to the subcontractors.

13.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 14 — IMPLEMENTATION OF ACTION TASKS BY LINKED THIRD PARTIES

Not applicable

ARTICLE 15 — FINANCIAL SUPPORT TO THIRD PARTIES

Not applicable

ARTICLE 16 — PROVISION OF TRANS-NATIONAL OR VIRTUAL ACCESS TO RESEARCH INFRASTRUCTURE

Not applicable

SECTION 2 RIGHTS AND OBLIGATIONS RELATED TO THE GRANT ADMINISTRATION

ARTICLE 17 — GENERAL OBLIGATION TO INFORM

17.1 General obligation to provide information upon request

The beneficiaries must provide — during implementation of the action or afterwards and in accordance with Article 41.2 — any information requested in order to verify proper implementation of the action and compliance with any other obligation under the Agreement.

17.2 Obligation to keep information up to date and to inform about events and circumstances likely to affect the Agreement

Each beneficiary must keep information stored in the ‘Beneficiary Register’ (via the electronic exchange system; see Article 52) up to date, in particular, its name, address, legal representatives, legal form and organisation type.

Each beneficiary must immediately inform the coordinator — which must immediately inform the Agency and the other beneficiaries — of any of the following:

- (a) **events** which are likely to affect significantly or delay the implementation of the action or the EU's financial interests, in particular:
 - (i) changes in its legal, financial, technical, organisational or ownership situation [*or those of its linked third parties and*
 - (ii) *changes in the name, address, legal form, organisation type of its linked third parties;*]
- (b) **circumstances** affecting:
 - (i) the decision to award the grant or
 - (ii) compliance with requirements under the Agreement.

17.3 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 18 — KEEPING RECORDS — SUPPORTING DOCUMENTATION

18.1 Obligation to keep records and other supporting documentation to support the costs declared

The beneficiaries must — for a period of three years after the balance is paid — keep adequate records and other supporting documentation to prove that the corresponding tasks or part of the action as described in Annex I have been implemented properly. The beneficiaries do not need to identify the actual eligible costs covered or provide supporting documentation (such as accounting statements) to prove the amount declared as the lump sum.

They must make them available upon request (see Article 17) or in the context of checks, reviews, audits or investigations (see Article 22).

If there are on-going checks, reviews, audits, investigations, litigation or other pursuits of claims under the Agreement (including the extension of findings; see Article 22), the beneficiaries must keep the records and other supporting documentation until the end of these procedures.

The beneficiaries must keep the original documents. Digital and digitalised documents are considered originals if they are authorised by the applicable national law. The Agency may accept non-original documents if it considers that they offer a comparable level of assurance

18.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, costs insufficiently substantiated will be ineligible (see Article 6) and will be rejected (see Article 42).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 19 — SUBMISSION OF DELIVERABLES

19.1 Obligation to submit deliverables

The coordinator must submit the ‘**deliverables**’ identified in Annex 1, in accordance with the timing and conditions set out in it.

19.2 Consequences of non-compliance

If the coordinator breaches any of its obligations under this Article, the Agency may apply any of the measures described in Chapter 6.

ARTICLE 20 — REPORTING — PAYMENT REQUESTS

20.1 Obligation to submit a report

The coordinator must submit to the Agency (see Article 52) the final report set out in this Article. This report includes the request for payment and must be drawn up using the forms and templates provided in the electronic exchange system (see Article 52).

20.2 Reporting period

The action has one reporting period:

- RP1: from month 1 to month

20.3 Periodic reports — Requests for interim payments

Not applicable

20.4 Final report — Request for payment of the balance

The coordinator must submit to the Agency (see Article 52) — within 60 days following the end of the reporting period — a final report, which includes the request for payment of the balance.

The **final report** must include the following:

- (a) a ‘**final technical report**’ containing a **summary** with:
 - (i) an overview of the results;
 - (ii) the conclusions on the action;
 - (iii) the answers to the ‘**questionnaire**’, covering issues related to the action implementation and the economic and societal impact, notably in the context of the Horizon 2020 key performance indicators and the Horizon 2020 monitoring requirements.
- (b) a ‘**final financial report**’ containing a ‘**financial statement**’ from the consortium (see Annex 4), which includes the **request for payment of the balance**.

The financial statement must detail the eligible costs (lump sum costs; see Article 6 and Annex 2).

Amounts which are not declared in the financial statement will not be taken into account by the Agency.

The beneficiaries must **certify** that:

- the information provided is full, reliable and true;

- the costs declared are eligible (i.e. that the action has been properly implemented; see Article 6);
- the costs (i.e. the proper implementation of the action) can be substantiated by adequate records and supporting documentation (see Article 18) that will be produced upon request (see Article 17) or in the context of checks, reviews, audits and investigations (see Article 22).

20.5 Information on cumulative expenditure incurred

Not applicable

20.6 Currency for financial statements

The financial statement must be drafted in euro.

20.7 Language of report

The report (technical and financial final report, including the financial statement) must be submitted in the language of the Agreement.

20.8 Consequences of non-compliance — Suspension of the payment deadline — Termination

If the report submitted does not comply with this Article, the Agency may suspend the payment deadline (see Article 47) and apply any of the other measures described in Chapter 6

If the coordinator breaches its obligation to submit the report and if it fails to comply with this obligation within 30 days following a written reminder sent by the Agency, the Agreement may be terminated (see Article 50).

ARTICLE 21 — PAYMENTS AND PAYMENT ARRANGEMENTS

21.1 Payments to be made

The following payments will be made to the coordinator:

- one **pre-financing payment**;
- one **payment of the balance**, on the basis of the request for payment of the balance (see Article 20).

21.2 Pre-financing payment — Amount — Amount retained for the Guarantee Fund

The aim of the pre-financing is to provide the beneficiaries with a float.

It remains the property of the EU until the payment of the balance.

The amount of the pre-financing payment will be EUR [insert amount (insert amount in words)].

The Agency will — except if Article 48 applies — make the pre-financing payment to the coordinator within 30 days, either from the entry into force of the Agreement (see Article 58) or from 10 days before the starting date of the action (see Article 3), whichever is the latest.

An amount of EUR [insert amount (insert amount in words)], corresponding to the 5% of the maximum grant amount (see Article 5.1), is retained by the Agency from the pre-financing payment and transferred into the ‘**Guarantee Fund**’

21.3 Interim payments — Amount — Calculation

Not applicable

21.4 Payment of the balance — Amount — Calculation — Release of the amount retained for the Guarantee Fund

The payment of the balance reimburses the remaining part of the eligible costs incurred by the beneficiaries for the implementation of the action.

If the total amount of earlier payments is greater than the final grant amount (see Article 5.3), the payment of the balance takes the form of a recovery (see Article 44).

If the total amount of earlier payments is lower than the final grant amount, the Agency will pay the balance within 90 days from receiving the final report (see Article 20.4), except if Articles 47 or 48 apply.

Payment is subject to the approval of the final report. Its approval does not imply recognition of the compliance, authenticity, completeness or correctness of its content.

The **amount due as the balance** is calculated by the Agency by deducting the total amount of pre-financing already made, from the final grant amount determined in accordance with Article 5.3:

$$\begin{aligned} & \{ \text{final grant amount (see Article 5.3)} \\ & \text{minus} \\ & \text{pre-financing made} \}. \end{aligned}$$

At the payment of the balance, the amount retained for the Guarantee Fund (see above) will be released and:

- if the balance is positive: the amount released will be paid in full to the coordinator together with the amount due as the balance;
- if the balance is negative (payment of the balance taking the form of recovery): it will be deducted from the amount released (see Article 44.1.2). If the resulting amount:

- is positive, it will be paid to the coordinator
- is negative, it will be recovered from the coordinator.

The amount to be paid may however be offset — without the coordinator's consent — against any other amount owed by the coordinator to the Agency, the Commission or an[*other*] executive agency (under the EU or Euratom budget), up to the maximum grant amount set out in Article 5.1.

21.5 Notification of amounts due

The Agency will formally notify to the coordinator the amount due and specify the final grant amount.

In the case of reduction of the grant or recovery of undue amounts, the notification will be preceded by the contradictory procedure set out in Articles 43 and 44.

21.6 Currency for payments

The Agency will make all payments in euro.

21.7 Payments to the coordinator — Distribution to the beneficiaries

Payments will be made to the coordinator.

Payments to the coordinator will discharge the Agency from its payment obligation.

The coordinator must distribute the payments between the beneficiaries without unjustified delay.

Pre-financing may however be distributed only:

- (a) if the minimum number of beneficiaries set out in the call for proposals has acceded to the Agreement (see Article 56) and
- (b) to beneficiaries that have acceded to the Agreement (see Article 56).

21.8 Bank account for payments

All payments will be made to the following bank account:

Name of bank: [...]
Address of branch: [...]
Full name of the account holder: [...]
Full account number (including bank codes): [...]
[IBAN code: [...]]⁶

⁶ BIC or SWIFT code applies to for countries if the IBAN code does not apply.

21.9 Costs of payment transfers

The cost of the payment transfers is borne as follows:

- the Agency bears the cost of transfers charged by its bank;
- the beneficiary bears the cost of transfers charged by its bank;
- the party causing a repetition of a transfer bears all costs of the repeated transfer.

21.10 Date of payment

Payments by the Agency are considered to have been carried out on the date when they are debited to its account.

21.11 Consequences of non-compliance

21.11.1 If the Agency does not pay within the payment deadlines (see above), the beneficiaries are entitled to **late-payment interest** at the rate applied by the European Central Bank (ECB) for its main refinancing operations in euros ('reference rate'), plus three and a half points. The reference rate is the rate in force on the first day of the month in which the payment deadline expires, as published in the C series of the *Official Journal of the European Union*.

If the late-payment interest is lower than or equal to EUR 200, it will be paid to the coordinator only upon request submitted within two months of receiving the late payment.

Late-payment interest is not due if all beneficiaries are EU Member States (including regional and local government authorities or other public bodies acting on behalf of a Member State for the purpose of this Agreement).

Suspension of the payment deadline or payments (see Articles 47 and 48) will not be considered as late payment.

Late-payment interest covers the period running from the day following the due date for payment (see above), up to and including the date of payment.

Late-payment interest is not considered for the purposes of calculating the final grant amount.

21.11.2 If the coordinator breaches any of its obligations under this Article, the grant may be reduced (see Article 43) and the Agreement or the participation of the coordinator may be terminated (see Article 50).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 22 — CHECKS, REVIEWS, AUDITS AND INVESTIGATIONS — EXTENSION OF FINDINGS

22.1 Checks, reviews and audits by the Agency and the Commission

22.1.1 Right to carry out checks

The Agency or the Commission will — during the implementation of the action or afterwards — check the proper implementation of the action and compliance with the obligations under the Agreement, including assessing deliverables and reports.

For this purpose the Agency or the Commission may be assisted by external persons or bodies.

The Agency or the Commission may also request additional information in accordance with Article 17. The Agency or the Commission may request beneficiaries to provide such information to it directly.

Information provided must be accurate, precise and complete and in the format requested, including electronic format.

22.1.2 Right to carry out reviews

The Agency or the Commission may — during the implementation of the action or afterwards — carry out reviews on the proper implementation of the action (including assessment of deliverables and reports), compliance with the obligations under the Agreement and continued scientific or technological relevance of the action.

Reviews may be started **up to two years after the payment of the balance**. They will be formally notified to the coordinator or beneficiary concerned and will be considered to have started on the date of the formal notification.

If the review is carried out on a third party (see Articles 10 to 16), the beneficiary concerned must inform the third party.

The Agency or the Commission may carry out reviews directly (using its own staff) or indirectly (using external persons or bodies appointed to do so). It will inform the coordinator or beneficiary concerned of the identity of the external persons or bodies. They have the right to object to the appointment on grounds of commercial confidentiality.

The coordinator or beneficiary concerned must provide — within the deadline requested — any information and data in addition to deliverables and reports already submitted (including information on the use of resources). The Agency or the Commission may request beneficiaries to provide such information to it directly.

The coordinator or beneficiary concerned may be requested to participate in meetings, including with external experts.

For **on-the-spot** reviews, the beneficiaries must allow access to their sites and premises, including to external persons or bodies, and must ensure that information requested is readily available.

Information provided must be accurate, precise and complete and in the format requested, including electronic format.

On the basis of the review findings, a ‘**review report**’ will be drawn up.

The Agency or the Commission will formally notify the review report to the coordinator or beneficiary concerned, which has 30 days to formally notify observations (‘**contradictory review procedure**’).

Reviews (including review reports) are in the language of the Agreement.

22.1.3 Right to carry out audits

The Agency or the Commission may — during the implementation of the action or afterwards — carry out audits on the proper implementation of the action and compliance with the obligations under the Agreement.

Audits may be started **up to two years after the payment of the balance**. They will be formally notified to the coordinator or beneficiary concerned and will be considered to have started on the date of the formal notification.

If the audit is carried out on a third party (see Articles 10 to 16), the beneficiary concerned must inform the third party.

The Agency or the Commission may carry out audits directly (using its own staff) or indirectly (using external persons or bodies appointed to do so). It will inform the coordinator or beneficiary concerned of the identity of the external persons or bodies. They have the right to object to the appointment on grounds of commercial confidentiality.

The coordinator or beneficiary concerned must provide — within the deadline requested — any information (including complete accounts, individual salary statements or other personal data) to verify compliance with the Agreement. The Agency or the Commission may request beneficiaries to provide such information to it directly

For **on-the-spot** audits, the beneficiaries must allow access to their sites and premises, including to external persons or bodies, and must ensure that information requested is readily available.

Information provided must be accurate, precise and complete and in the format requested, including electronic format.

On the basis of the audit findings, a ‘**draft audit report**’ will be drawn up.

The Agency or the Commission will formally notify the draft audit report to the coordinator or beneficiary concerned, which has 30 days to formally notify observations (‘**contradictory audit procedure**’). This period may be extended by the Agency or the Commission in justified cases.

The ‘**final audit report**’ will take into account observations by the coordinator or beneficiary concerned. The report will be formally notified to it.

Audits (including audit reports) are in the language of the Agreement.

The Agency or the Commission may also access the beneficiaries’ statutory records for the periodical assessment of unit costs or flat-rate amounts *[or lump sums]*.

22.2 Investigations by the European Anti-Fraud Office (OLAF)

Under Regulations No 883/2013⁷ and No 2185/96⁸ (and in accordance with their provisions and procedures), the European Anti-Fraud Office (OLAF) may — at any moment during implementation of the action or afterwards — carry out investigations, including on-the-spot checks and inspections, to establish whether there has been fraud, corruption or any other illegal activity affecting the financial interests of the EU.

22.3 Checks and audits by the European Court of Auditors (ECA)

Under Article 287 of the Treaty on the Functioning of the European Union (TFEU) and Article 161 of the Financial Regulation No 966/2012⁹, the European Court of Auditors (ECA) may — at any moment during implementation of the action or afterwards — carry out audits.

The ECA has the right of access for the purpose of checks and audits.

22.4 Checks, reviews, audits and investigations for international organisations

[OPTION for international organisations: In conformity with its financial regulations, the European Union, including the European Anti-Fraud Office (OLAF) and the European Court of Auditors (ECA), may undertake, including on the spot, checks, reviews audits and investigations.]

This Article will be applied in accordance with any specific agreement concluded in this respect by the international organisation and the European Union.]

[OPTION: Not applicable]

22.5 Consequences of findings in checks, reviews, audits and investigations — Extension of findings

⁷ Regulation (EU, Euratom) No 883/2013 of the European Parliament and of the Council of 11 September 2013 concerning investigations conducted by the European Anti-Fraud Office (OLAF) and repealing Regulation (EC) No 1073/1999 of the European Parliament and of the Council and Council Regulation (Euratom) No 1074/1999 (OJ L 248, 18.09.2013, p. 1).

⁸ Council Regulation (Euratom, EC) No 2185/1996 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the Commission in order to protect the European Communities' financial interests against fraud and other irregularities (OJ L 292, 15.11.1996, p. 2).

⁹ Regulation (EU, Euratom) No 966/2012 of the European Parliament and of the Council of 25 October 2012 on the financial rules applicable to the general budget of the Union and repealing Council Regulation (EC, Euratom) No 1605/2002 (‘**Financial Regulation No 966/2012**’) (OJ L 298, 26.10.2012, p. 1).

22.5.1 Findings in this grant

Findings in checks, reviews, audits or investigations carried out in the context of this grant may lead to the rejection of ineligible costs (see Article 42), reduction of the grant (see Article 43), recovery of undue amounts (see Article 44) or to any of the other measures described in Chapter 6.

Rejection of costs or reduction of the grant after the payment of the balance will lead to a revised final grant amount (see Article 5.4).

Findings in checks, reviews, audits or investigations may lead to a request for amendment for the modification of Annex 1 (see Article 55).

Checks, reviews, audits or investigations that find systemic or recurrent errors, irregularities, fraud or breach of obligations may also lead to consequences in other EU or Euratom grants awarded under similar conditions (**‘extension of findings from this grant to other grants’**).

Moreover, findings arising from an OLAF investigation may lead to criminal prosecution under national law.

22.5.2 Findings in other grants

The Agency or the Commission may extend findings from other grants to this grant (**‘extension of findings from other grants to this grant’**), if:

- (a) the beneficiary concerned is found, in other EU or Euratom grants awarded under similar conditions, to have committed systemic or recurrent errors, irregularities, fraud or breach of obligations that have a material impact on this grant and
- (b) those findings are formally notified to the beneficiary concerned — together with the list of grants affected by the findings — no later than two years after the payment of the balance of this grant.

The extension of findings may lead to the rejection of costs (see Article 42), reduction of the grant (see Article 43), recovery of undue amounts (see Article 44), suspension of payments (see Article 48), suspension of the action implementation (see Article 49) or termination (see Article 50).

22.5.3 Procedure

The Agency or the Commission will formally notify the beneficiary concerned the systemic or recurrent errors and its intention to extend these audit findings, together with the list of grants affected.

22.5.3.1 If the findings concern **eligibility of costs**: the formal notification will include:

- (a) an invitation to submit observations on the list of grants affected by the findings;
- (b) the request to submit **revised financial statements** for all grants affected;

- (c) the **correction rate for extrapolation** established by the Agency or the Commission on the basis of the systemic or recurrent errors, to calculate the amounts to be rejected if the beneficiary concerned:
- (i) considers that the submission of revised financial statements is not possible or practicable or
 - (ii) does not submit revised financial statements.

The beneficiary concerned has 90 days from receiving notification to submit observations, revised financial statements or to propose a duly substantiated **alternative correction method**. This period may be extended by the Agency or the Commission in justified cases.

The amounts to be rejected will be determined on the basis of the revised financial statements, subject to their approval.

If the Agency or the Commission does not receive any observations or revised financial statements, does not accept the observations or the proposed alternative correction method or does not approve the revised financial statements, it will formally notify the beneficiary concerned the application of the initially notified correction rate for extrapolation.

If the Agency or the Commission accepts the alternative correction method proposed by the beneficiary concerned, it will formally notify the application of the accepted alternative correction method.

22.5.3.2 If the findings concern **improper implementation** or a **breach of another obligation**: the formal notification will include:

- (a) an invitation to submit observations on the list of grants affected by the findings and
- (b) the flat-rate the Agency or the Commission intends to apply according to the principle of proportionality.

The beneficiary concerned has 90 days from receiving notification to submit observations or to propose a duly substantiated alternative flat-rate.

If the Agency or the Commission does not receive any observations or does not accept the observations or the proposed alternative flat-rate, it will formally notify the beneficiary concerned the application of the initially notified flat-rate.

If the Agency or the Commission accepts the alternative flat-rate proposed by the beneficiary concerned, it will formally notify the application of the accepted alternative flat-rate.

22.6 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, any insufficiently substantiated costs will be ineligible (see Article 6) and will be rejected (see Article 42).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 23 — EVALUATION OF THE IMPACT OF THE ACTION

23.1 Right to evaluate the impact of the action

The Agency or the Commission may carry out interim and final evaluations of the impact of the action measured against the objective of the EU programme.

Evaluations may be started during implementation of the action and up to [*OPTION by default: five*][*OPTION for low value grants: three*] years after the payment of the balance. The evaluation is considered to start on the date of the formal notification to the coordinator or beneficiaries.

The Agency or the Commission may make these evaluations directly (using its own staff) or indirectly (using external bodies or persons it has authorised to do so).

The coordinator or beneficiaries must provide any information relevant to evaluate the impact of the action, including information in electronic format.

23.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the Agency may apply the measures described in Chapter 6.

SECTION 3 RIGHTS AND OBLIGATIONS RELATED TO BACKGROUND AND RESULTS

SUBSECTION 1 GENERAL

ARTICLE 23a — MANAGEMENT OF INTELLECTUAL PROPERTY

Not applicable

SUBSECTION 2 RIGHTS AND OBLIGATIONS RELATED TO BACKGROUND

ARTICLE 24 — AGREEMENT ON BACKGROUND

Not applicable

ARTICLE 25 — ACCESS RIGHTS TO BACKGROUND

Not applicable

SUBSECTION 3 RIGHTS AND OBLIGATIONS RELATED TO RESULTS

ARTICLE 26 — OWNERSHIP OF RESULTS

Not applicable

ARTICLE 27 — PROTECTION OF RESULTS — VISIBILITY OF EU FUNDING

Not applicable

ARTICLE 28 — EXPLOITATION OF RESULTS

Not applicable

ARTICLE 29 — DISSEMINATION OF RESULTS — OPEN ACCESS — VISIBILITY OF EU FUNDING

Not applicable

ARTICLE 30 — TRANSFER AND LICENSING OF RESULTS

Not applicable

ARTICLE 31 — ACCESS RIGHTS TO RESULTS

Not applicable

SECTION 4 OTHER RIGHTS AND OBLIGATIONS

ARTICLE 32 — RECRUITMENT AND WORKING CONDITIONS FOR RESEARCHERS

Not applicable

ARTICLE 33 — GENDER EQUALITY

Not applicable

ARTICLE 34 — ETHICS

34.1 Obligation to comply with ethical principles

The beneficiaries must carry out the action in compliance with:

- (a) ethical principles (including the highest standards of research integrity — as set out, for instance, in the European Code of Conduct for Research Integrity¹⁰ — and including, in particular, avoiding fabrication, falsification, plagiarism or other research misconduct) and

¹⁰ The European Code of Conduct for Research Integrity of ALLEA (All European Academies) and ESF (European Science Foundation) of March 2011.
http://www.esf.org/fileadmin/Public_documents/Publications/Code_Conduct_ResearchIntegrity.pdf

- (b) applicable international, EU and national law.

Funding will not be granted for activities carried out outside the EU if they are prohibited in all Member States.

The beneficiaries must ensure that the activities under the action have an exclusive focus on civil applications.

The beneficiaries must ensure that the activities under the action do not:

- (a) aim at human cloning for reproductive purposes;
- (b) intend to modify the genetic heritage of human beings which could make such changes heritable (with the exception of research relating to cancer treatment of the gonads, which may be financed), or
- (c) intend to create human embryos solely for the purpose of research or for the purpose of stem cell procurement, including by means of somatic cell nuclear transfer.

34.2 Activities raising ethical issues

Activities raising ethical issues must comply with the ‘**ethics requirements**’ set out in Annex 1.

Before the beginning of an activity raising an ethical issue, the coordinator must submit (see Article 52) to the Agency copy of:

- (a) any ethics committee opinion required under national law and
- (b) any notification or authorisation for activities raising ethical issues required under national law.

If these documents are not in English, the coordinator must also submit an English summary of the submitted opinions, notifications and authorisations (containing, if available, the conclusions of the committee or authority concerned).

If these documents are specifically requested for the action, the request must contain an explicit reference to the action title. The coordinator must submit a declaration by each beneficiary concerned that all the submitted documents cover the action tasks.

34.3 Activities involving human embryos or human embryonic stem cells

Activities involving research on human embryos or human embryonic stem cells may be carried out only if:

- they are set out in Annex 1 or
- the coordinator has obtained explicit approval (in writing) from the Agency (see Article 52).

34.4 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43) and the Agreement or participation of the beneficiary may be terminated (see Article 50).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 35 — CONFLICT OF INTERESTS

35.1 Obligation to avoid a conflict of interests

The beneficiaries must take all measures to prevent any situation where the impartial and objective implementation of the action is compromised for reasons involving economic interest, political or national affinity, family or emotional ties or any other shared interest (**'conflict of interests'**).

They must formally notify to the Agency without delay any situation constituting or likely to lead to a conflict of interests and immediately take all the necessary steps to rectify this situation.

The Agency may verify that the measures taken are appropriate and may require additional measures to be taken by a specified deadline.

35.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43) and the Agreement or participation of the beneficiary may be terminated (see Article 50).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 36 — CONFIDENTIALITY

36.1 General obligation to maintain confidentiality

The parties must keep confidential any data, documents or other material (in any form) that is identified as confidential at the time it is disclosed (**'confidential information'**).

They may use confidential information to implement the Agreement.

The confidentiality obligations no longer apply if:

- (a) the disclosing party agrees to release the other party;
- (b) the information was already known by the recipient or is given to him without obligation of confidentiality by a third party that was not bound by any obligation of confidentiality;

- (c) the recipient proves that the information was developed without the use of confidential information;
- (d) the information becomes generally and publicly available, without breaching any confidentiality obligation, or
- (e) the disclosure of the information is required by EU or national law.

36.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 37 — SECURITY-RELATED OBLIGATIONS

Not applicable

ARTICLE 38 — PROMOTING THE ACTION — VISIBILITY OF EU FUNDING

38.1 Obligation to promote the action and its results — Information on EU funding — Obligation and right to use the EU emblem — Disclaimer excluding Agency responsibility — Agency right to use materials, documents or information

The beneficiaries must promote the action and its results.

Any communication activity related to the action must:

- (a) display the EU emblem and
- (b) include the following text:

“This project has received funding from the European Union’s Horizon 2020 research and innovation programme under grant agreement No [number]”.

Any communication activity related to the action must indicate that it reflects only the author’s view and that the Agency is not responsible for any use that may be made of the information it contains.

The Agency may use, for its own communication and publicising activities, information relating to the action, documents notably summaries for publication and public deliverables as well as any other material such as pictures or audio-visual material that it receives from any beneficiary (including in electronic form).

The right to use a beneficiary’s materials, documents and information includes:

- (a) **use for its own purposes** (in particular, making them available to persons working for the Agency or any other EU institution, body, office or agency or body or institutions in EU Member States; and copying or reproducing them in whole or in part, in unlimited numbers);
- (b) **distribution to the public** (in particular, publication as hard copies and in electronic or digital format, publication on the internet, as a downloadable or non-downloadable file, broadcasting by any channel, public display or presentation, communicating through press information services, or inclusion in widely accessible databases or indexes);
- (c) **editing or redrafting** for communication and publicising activities (including shortening, summarising, inserting other elements (such as meta-data, legends, other graphic, visual, audio or text elements), extracting parts (e.g. audio or video files), dividing into parts, use in a compilation);
- (d) **translation**;
- (e) giving **access in response to individual requests** under Regulation (EC) No 1049/2001, without the right to reproduce or exploit;
- (f) **storage** in paper, electronic or other form;
- (g) **archiving**, in line with applicable document-management rules, and
- (h) the right to authorise **third parties** to act on its behalf or sub-license the modes of exploitation set out in points (b),(c),(d) and (f) to third parties if needed for the communication and publicising activities of the Agency.

38.2 Consequences of non-compliance

If a beneficiary breaches any of its obligations under this Article, the grant may be reduced (see Article 43).

Such breaches may also lead to any of the other measures described in Chapter 6.

ARTICLE 39 — PROCESSING OF PERSONAL DATA

39.1 Processing of personal data by the Agency and the Commission

Any personal data under the Agreement will be processed by the Agency or the Commission under Regulation No 45/2001¹¹ and according to the ‘notifications of the processing operations’ to the Data Protection Officer (DPO) of the Agency or the Commission (publicly accessible in the DPO register).

¹¹ Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and on the free movement of such data (OJ L 8, 12.01.2001, p. 1).

Such data will be processed by the ‘**data controller**’ of the Agency or the Commission for the purposes of implementing, managing and monitoring the Agreement or protecting the financial interests of the EU or Euratom (including checks, reviews, audits and investigations; see Article 22).

The persons whose personal data are processed have the right to access and correct their own personal data. For this purpose, they must send any queries about the processing of their personal data to the data controller, via the contact point indicated in the ‘service specific privacy statement(s) (SSPS)’ that are published on the Agency and Commission websites.

They also have the right to have recourse at any time to the European Data Protection Supervisor (EDPS).

39.2 Processing of personal data by the beneficiaries

The beneficiaries must process personal data under the Agreement in compliance with applicable EU and national law on data protection (including authorisations or notification requirements).

39.3 Consequences of non-compliance

If a beneficiary breaches any of its obligations under Article 39.2, the Agency may apply any of the measures described in Chapter 6.

ARTICLE 40 — ASSIGNMENTS OF CLAIMS FOR PAYMENT AGAINST THE Agency

The beneficiaries may not assign any of their claims for payment against the Agency to any third party, except if approved by the Agency on the basis of a reasoned, written request by the coordinator (on behalf of the beneficiary concerned).

If the Agency has not accepted the assignment or the terms of it are not observed, the assignment will have no effect on it.

In no circumstances will an assignment release the beneficiaries from their obligations towards the Agency.

CHAPTER 5 DIVISION OF BENEFICIARIES’ ROLES AND RESPONSIBILITIES — RELATIONSHIP WITH COMPLEMENTARY BENEFICIARIES — RELATIONSHIP WITH PARTNERS OF A JOINT ACTION

ARTICLE 41 — DIVISION OF BENEFICIARIES’ ROLES AND RESPONSIBILITIES — RELATIONSHIP WITH COMPLEMENTARY BENEFICIARIES — RELATIONSHIP WITH PARTNERS OF A JOINT ACTION

41.1 Roles and responsibilities towards the Agency

The beneficiaries have full responsibility for implementing the action and complying with the Agreement.

The beneficiaries are jointly and severally liable for the **technical implementation** of the action as described in Annex 1. If a beneficiary fails to implement its part of the action, the other beneficiaries become responsible for implementing this part (without being entitled to any additional EU funding for doing so), unless the Agency expressly relieves them of this obligation.

The **financial responsibility** of each beneficiary is governed by Articles 44, 45 and 46.

41.2 Internal division of roles and responsibilities

The internal roles and responsibilities of the beneficiaries are divided as follows:

(a) Each **beneficiary** must:

- (i) keep information stored in the Beneficiary Register (via the electronic exchange system) up to date (see Article 17);
- (ii) inform the coordinator immediately of any events or circumstances likely to affect significantly or delay the implementation of the action (see Article 17);
- (iii) submit to the coordinator in good time:
 - the data needed to draw up the technical report (see Article 20);
 - ethics committee opinions and notifications or authorisations for activities raising ethical issues (see Article 34);
 - any other documents or information required by the Agency or the Commission under the Agreement, unless the Agreement requires the beneficiary to submit this information directly to the Agency or the Commission.

(b) The **coordinator** must:

- (i) monitor that the action is implemented properly (see Article 7);
- (ii) act as the intermediary for all communications between the beneficiaries and the Agency (in particular, providing the Agency with the information described in Article 17), unless the Agreement specifies otherwise;
- (iii) request and review any documents or information required by the Agency and verify their completeness and correctness before passing them on to the Agency;
- (iv) submit the deliverables and the report to the Agency (see Articles 19 and 20);

- (v) ensure that all payments are made to the other beneficiaries without unjustified delay (see Article 21);
- (vi) inform the Agency of the amounts paid to each beneficiary, when required under the Agreement (see Articles 44 and 50) or requested by the Agency.

The coordinator may not delegate the above-mentioned tasks to any other beneficiary or subcontract them to any third party.

[OPTION to be used when the coordinator is a secondary or higher education establishment or public body and there is an ‘authorisation to administer’ given to a third party created, controlled or affiliated to the coordinator: As an exception, the coordinator delegates the tasks set out in Point 2(b)(v) and (vi) above to [insert name of third party with an authorisation to administer]. The coordinator retains sole responsibility for the EU contribution and for compliance with the obligations under the Agreement.]

41.3 Internal arrangements between beneficiaries — Consortium agreement

[OPTION to be used, unless the work programme specifies that there is no need for a consortium agreement: The beneficiaries must have internal arrangements regarding their operation and co-ordination to ensure that the action is implemented properly. These internal arrangements must be set out in a written ‘consortium agreement’ between the beneficiaries, which may cover:

- *internal organisation of the consortium;*
- *management of access to the electronic exchange system;*
- *distribution of EU funding;*
- *settlement of internal disputes;*
- *liability, indemnification and confidentiality arrangements between the beneficiaries.*

The consortium agreement must not contain any provision contrary to the Agreement.

[OPTION: Not applicable]

41.4 Relationship with complementary beneficiaries — Collaboration agreement

Not applicable

41.5 Relationship with partners of a joint action — Coordination agreement

Not applicable

CHAPTER 6 REJECTION OF COSTS — REDUCTION OF THE GRANT — RECOVERY — PENALTIES — DAMAGES — SUSPENSION — TERMINATION — FORCE MAJEURE

SECTION 1 REJECTION OF COSTS — REDUCTION OF THE GRANT — RECOVERY — PENALTIES

ARTICLE 42 — REJECTION OF INELIGIBLE COSTS

42.1 Conditions

42.1.1 The Agency will —**at the payment of the balance** or **afterwards** — reject any costs which are ineligible (i.e. if the action as described in Annex 1 is not properly implemented; see Article 6), in particular following checks, reviews, audits or investigations (see Article 22).

42.1.2 The rejection may also be based on the **extension of findings from other grants to this grant**, under the conditions set out in Article 22.5.2.

42.2 Ineligible costs to be rejected — Calculation — Procedure

Ineligible costs will be rejected proportionally to the tasks or parts of the action not implemented.

If the Agency rejects costs **without reduction of the grant** (see Article 43) or **recovery of undue amounts** (see Article 44), it will formally notify the coordinator or beneficiary concerned the rejection of costs, the amounts and the reasons why (if applicable, together with the notification of amounts due; see Article 21.5). The coordinator or beneficiary concerned may — within 30 days of receiving notification — formally notify the Agency of its disagreement and the reasons why.

If the Agency rejects costs **with reduction of the grant** or **recovery of undue amounts**, it will formally notify the rejection in the ‘**pre-information letter**’ on reduction or recovery set out in Articles 43 and 44.

42.3 Effects

If the Agency rejects costs **at the payment of the balance**, it will deduct them from the total eligible costs declared, for the action, in the financial statement (see Article 20.4). It will then calculate the payment of the balance as set out in Article 21.4.

If the Agency rejects costs **after the payment of the balance**, it will deduct the amount rejected from the total eligible costs declared, by the beneficiary, in the financial statement. It will then calculate the revised final grant amount as set out in Article 5.4.

ARTICLE 43 — REDUCTION OF THE GRANT

43.1 Conditions

43.1.1 The Agency may — **at the payment of the balance** or **afterwards** — reduce the maximum grant amount (see Article 5.1), if an obligation under the Agreement (other than improper implementation of the action as described in Annex 1) has been breached.

43.1.2 The Agency may also reduce the maximum grant amount on the basis of the **extension of findings from other grants to this grant**, under the conditions set out in Article 22.5.2.

43.2 Amount to be reduced — Calculation — Procedure

The amount of the reduction will be proportionate to the seriousness of the breach.

Before reduction of the grant, the Agency will formally notify a ‘**pre-information letter**’ to the coordinator or beneficiary concerned:

- informing it of its intention to reduce the grant, the amount it intends to reduce and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If the Agency does not receive any observations or decides to pursue reduction despite the observations it has received, it will formally notify **confirmation** of the reduction (if applicable, together with the notification of amounts due; see Article 21).

43.3 Effects

If the Agency reduces the grant at the time of the **payment of the balance**, it will calculate the reduced grant amount for the action and then determine the amount due as payment of the balance (see Articles 5.3.4 and 21.4).

If the Agency reduces the grant **after the payment of the balance**, it will calculate the revised final grant amount for the beneficiary concerned (see Article 5.4). If the revised final grant amount for the beneficiary concerned is lower than its share of the final grant amount, the Agency will recover the difference (see Article 44).

ARTICLE 44 — RECOVERY OF UNDUE AMOUNTS

44.1 Amount to be recovered — Calculation — Procedure

The Agency will —**at the payment of the balance** or **afterwards** — claim back any amount that was paid, but is not due under the Agreement.

44.1.1 Recovery after termination of a beneficiary’s participation

Not applicable

44.1.2 Recovery at payment of the balance

If the payment of the balance takes the form of a recovery (see Article 21.4), the Agency will formally notify a ‘**pre-information letter**’ to the coordinator:

- informing it of its intention to recover, the amount due as the balance and the reasons why;
- specifying that it intends to deduct the amount to be recovered from the amount retained for the Guarantee Fund and
- inviting the coordinator to submit observations within 30 days of receiving notification.

If no observations are submitted or the Agency decides to pursue recovery despite the observations it has received, it will **confirm recovery** (together with the notification of amounts due; see Article 21.5) and:

- pay the difference between the amount to be recovered and the amount retained for the Guarantee Fund, **if the difference is positive** or
- formally notify to the coordinator a **debit note** for the difference between the amount to be recovered and the amount retained for the Guarantee Fund, **if the difference is negative**. This note will also specify the terms and the date for payment.

If the coordinator does not repay the Agency by the date in the debit note, the Agency or the Commission will **recover** the amount:

- (a) by **offsetting** it — without the coordinator’s consent — against any amounts owed to the coordinator by the Agency, the Commission or another executive agency (from the EU or Euratom budget).

In exceptional circumstances, to safeguard the EU’s financial interests, the Agency may offset before the payment date specified in the debit note;

- (b) by **drawing on the Guarantee Fund**. The Agency or the Commission will formally notify the coordinator the debit note on behalf of the Guarantee Fund and recover the amount:

- (i) not applicable;
- (ii) by **taking legal action** (see Article 57) or by **adopting an enforceable decision** under Article 299 of the Treaty on the Functioning of the EU (TFEU) and Article 79(2) of the Financial Regulation No 966/2012.

If payment is not made by the date in the debit note, the amount to be recovered (see above) will be increased by **late-payment interest** at the rate set out in Article 21.11, from the day following the payment date in the debit note, up to and including the date the Agency or the Commission receives full payment of the amount.

Partial payments will be first credited against expenses, charges and late-payment interest and then against the principal.

Bank charges incurred in the recovery process will be borne by the coordinator, unless Directive 2007/64/EC applies.

44.1.3 Recovery of amounts after payment of the balance

If the revised final grant amount (see Article 5.4) is lower than the final grant amount, the coordinator must repay the difference to the Agency.

The Agency will formally notify a **pre-information letter** to the coordinator:

- informing it of its intention to recover, the due amount and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If no observations are submitted or the Agency decides to pursue recovery despite the observations it has received, it will **confirm** the amount to be recovered and formally notify to the coordinator a **debit note**. This note will also specify the terms and the date for payment.

If payment is not made by the date specified in the debit note, the Agency will **recover** the amount:

- (a) by **offsetting** it — without the coordinator's consent — against any amounts owed to the coordinator by the Agency, the Commission or another executive agency (from the EU or Euratom budget).

In exceptional circumstances, to safeguard the EU's financial interests, the Agency may offset before the payment date specified in the debit note;

- (b) by **drawing on the Guarantee Fund**. The Agency or the Commission will formally notify the coordinator the debit note on behalf of the Guarantee Fund and recover the amount:

- (i) not applicable;
- (ii) by **taking legal action** (see Article 57) or by **adopting an enforceable decision** under Article 299 of the Treaty on the Functioning of the EU (TFEU) and Article 79(2) of the Financial Regulation No 966/2012.

If payment is not made by the date in the debit note, the amount to be recovered (see above) will be increased by **late-payment interest** at the rate set out in Article 21.11, from the day following the date for payment in the debit note, up to and including the date the Agency or the Commission receives full payment of the amount.

Partial payments will be first credited against expenses, charges and late-payment interest and then against the principal.

Bank charges incurred in the recovery process will be borne by the coordinator, unless Directive 2007/64/EC applies.

ARTICLE 45 — ADMINISTRATIVE AND FINANCIAL PENALTIES

45.1 Conditions

Under Articles 109 and 131(4) of the Financial Regulation No 966/2012, the Agency may impose **administrative** and **financial penalties** if a beneficiary:

- (a) has committed substantial errors, irregularities or fraud or is in serious breach of its obligations under the Agreement or
- (b) has made false declarations about information required under the Agreement or for the submission of the proposal (or has not supplied such information).

Each beneficiary is responsible for paying the financial penalties imposed on it.

Under Article 109(3) of the Financial Regulation No 966/2012, the Agency or the Commission may — under certain conditions and limits — publish decisions imposing administrative or financial penalties.

45.2 Duration — Amount of penalty — Calculation

Administrative penalties exclude the beneficiary from all contracts and grants financed from the EU or Euratom budget for a maximum of five years from the date the infringement is established by the Agency.

If the beneficiary commits another infringement within five years of the date the first infringement is established, the Agency may extend the exclusion period up to 10 years.

Financial penalties will be between 2% and 10% of the maximum grant amount set out in Article 5.1.

If the beneficiary commits another infringement within five years of the date the first infringement is established, the Agency may increase the rate of financial penalties to between 4% and 20%.

45.3 Procedure

Before applying a penalty, the Agency will formally notify the beneficiary concerned:

- informing it of its intention to impose a penalty, its duration or amount and the reasons why and
- inviting it to submit observations within 30 days.

If the Agency does not receive any observations or decides to impose the penalty despite of observations it has received, it will formally notify **confirmation** of the penalty to the beneficiary concerned and — in case of financial penalties — deduct the penalty from the

payment of the balance or formally notify a **debit note**, specifying the amount to be recovered, the terms and the date for payment.

If payment is not made by the date specified in the debit note, the Agency or the Commission may **recover** the amount:

- (a) by **offsetting** it — without the beneficiary's consent — against any amounts owed to the beneficiary concerned by the Agency, the Commission or another executive agency (from the EU or Euratom budget).

In exceptional circumstances, to safeguard the EU's financial interests, the Agency may offset before the payment date in the debit note;

- (b) by **taking legal action** (see Article 57) or by **adopting an enforceable decision** under Article 299 of the Treaty on the Functioning of the EU (TFEU) and Article 79(2) of the Financial Regulation No 966/2012.

If payment is not made by the date in the debit note, the amount to be recovered (see above) will be increased by **late-payment interest** at the rate set out in Article 21.11, from the day following the payment date in the debit note, up to and including the date the Agency or the Commission receives full payment of the amount.

Partial payments will be first credited against expenses, charges and late-payment interest and then against the principal.

Bank charges incurred in the recovery process will be borne by the beneficiary, unless Directive 2007/64/EC applies.

SECTION 2 LIABILITY FOR DAMAGES

ARTICLE 46 — LIABILITY FOR DAMAGES

46.1 Liability of the Agency

The Agency cannot be held liable for any damage caused to the beneficiaries or to third parties as a consequence of implementing the Agreement, including for gross negligence.

The Agency cannot be held liable for any damage caused by any of the beneficiaries or third parties involved in the action, as a consequence of implementing the Agreement.

46.2 Liability of the beneficiaries

46.2.1 Conditions

Except in case of force majeure (see Article 51), the beneficiaries must compensate the Agency for any damage it sustains as a result of the implementation of the action or because the action was not implemented in full compliance with the Agreement.

Each beneficiary is responsible for paying the damages claimed from it.

46.2.2 Amount of damages — Calculation

The amount the Agency can claim from a beneficiary will correspond to the damage caused by that beneficiary.

46.2.3 Procedure

Before claiming damages, the Agency will formally notify the beneficiary concerned:

- informing it of its intention to claim damages, the amount and the reasons why and
- inviting it to submit observations within 30 days.

If the Agency does not receive any observations or decides to claim damages despite the observations it has received, it will formally notify **confirmation** of the claim for damages and a **debit note**, specifying the amount to be recovered, the terms and the date for payment.

If payment is not made by the date specified in the debit note, the Agency or the Commission may **recover** the amount:

- (a) by **offsetting** it — without the beneficiary's consent — against any amounts owed to the beneficiary concerned by the Agency, the Commission or another executive agency (from the EU or Euratom budget).

In exceptional circumstances, to safeguard the EU's financial interests, the Agency may offset before the payment date in the debit note;

- (b) by **taking legal action** (see Article 57) or by **adopting an enforceable decision** under Article 299 of the Treaty on the Functioning of the EU (TFEU) and Article 79(2) of the Financial Regulation No 966/2012.

If payment is not made by the date in the debit note, the amount to be recovered (see above) will be increased by **late-payment interest** at the rate set out in Article 21.11, from the day following the payment date in the debit note, up to and including the date the Agency or the Commission receives full payment of the amount.

Partial payments will be first credited against expenses, charges and late-payment interest and then against the principal.

Bank charges incurred in the recovery process will be borne by the beneficiary, unless Directive 2007/64/EC applies.

SECTION 3 SUSPENSION AND TERMINATION

ARTICLE 47 — SUSPENSION OF PAYMENT DEADLINE

47.1 Conditions

The Agency may — at any moment — suspend the payment deadline (see Article 21.2 to 21.4) if a request for payment (see Article 20) cannot be approved because:

- (a) it does not comply with the provisions of the Agreement (see Article 20);
- (b) the technical or financial report has not been submitted or is not complete or additional information is needed, or
- (c) there is doubt about the eligibility of the costs declared in the financial statement and additional checks, reviews, audits or investigations are necessary.

47.2 Procedure

The Agency will formally notify the coordinator of the suspension and the reasons why.

The suspension will **take effect** the day notification is sent by the Agency (see Article 52).

If the conditions for suspending the payment deadline are no longer met, the suspension will be **lifted** — and the remaining period will resume.

If the suspension exceeds two months, the coordinator may request the Agency if the suspension will continue.

If the payment deadline has been suspended due to the non-compliance of the technical or financial report (see Article 20) and the revised report or statement is not submitted or was submitted but is also rejected, the Agency may also terminate the Agreement or the participation of the beneficiary (see Article 50.3.1(l)).

ARTICLE 48 — SUSPENSION OF PAYMENTS

48.1 Conditions

The Agency may — at any moment — suspend, in whole or in part, the pre-financing payment for one or more beneficiaries or the payment of the balance for all beneficiaries, if a beneficiary:

- (a) has committed or is suspected of having committed substantial errors, irregularities, fraud or serious breach of obligations in the award procedure or under this Agreement or
- (b) has committed — in other EU or Euratom grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant (**extension of findings from other grants to this grant**; see Article 22.5.2).

48.2 Procedure

Before suspending payments, the Agency will formally notify the coordinator:

- informing it of its intention to suspend payments and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If the Agency does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify **confirmation** of the suspension. Otherwise, it will formally notify that the suspension procedure is not continued.

The suspension will **take effect** the day the confirmation notification is sent by the Agency.

If the conditions for resuming payments are met, the suspension will be **lifted**. The Agency will formally notify the coordinator.

The beneficiaries may suspend implementation of the action (see Article 49.1) or terminate the Agreement or the participation of the beneficiary concerned (see Article 50.1 and 50.2).

ARTICLE 49 — SUSPENSION OF THE ACTION IMPLEMENTATION

49.1 Suspension of the action implementation, by the beneficiaries

49.1.1 Conditions

The beneficiaries may suspend implementation of the action or any part of it if exceptional circumstances — in particular *force majeure* (see Article 51) — make implementation impossible or excessively difficult.

49.1.2 Procedure

The coordinator must immediately formally notify to the Agency the suspension (see Article 52), stating:

- the reasons why and
- the expected date of resumption.

The suspension will **take effect** the day this notification is received by the Agency.

Once circumstances allow for implementation to resume, the coordinator must immediately formally notify the Agency and request an **amendment** of the Agreement to set the date on which the action will be resumed, extend the duration of the action and make other changes necessary to adapt the action to the new situation (see Article 55) — unless the Agreement or the participation of a beneficiary has been terminated (see Article 50).

The suspension will be **lifted** with effect from the resumption date set out in the amendment. This date may be before the date on which the amendment enters into force.

Costs incurred during suspension of the action implementation are not eligible (see Article 6).

49.2 Suspension of the action implementation, by the Agency

49.2.1 Conditions

The Agency may suspend implementation of the action or any part of it:

- (a) if a beneficiary has committed or is suspected of having committed substantial errors, irregularities, fraud or serious breach of obligations in the award procedure or under this Agreement;
- (b) if a beneficiary has committed — in other EU or Euratom grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious breach of obligations that have a material impact on this grant (**extension of findings from other grants to this grant**; see Article 22.5.2), or
- (c) if the action is suspected of having lost its scientific or technological relevance.

49.2.2 Procedure

Before suspending implementation of the action, the Agency will formally notify the coordinator:

- informing it of its intention to suspend the implementation and the reasons why and
- inviting it to submit observations within 30 days of receiving notification.

If the Agency does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify **confirmation** of the suspension. Otherwise, it will formally notify that the procedure is not continued.

The suspension will **take effect** five days after confirmation notification is received by the coordinator (or on a later date specified in the notification).

It will be **lifted** if the conditions for resuming implementation of the action are met.

The coordinator will be formally notified of the lifting and the Agreement will be **amended** to set the date on which the action will be resumed, extend the duration of the action and make other changes necessary to adapt the action to the new situation (see Article 55) — unless the Agreement has already been terminated (see Article 50).

The suspension will be lifted with effect from the resumption date set out in the amendment. This date may be before the date on which the amendment enters into force.

Costs incurred during suspension are not eligible (see Article 6).

The beneficiaries may not claim damages due to suspension by the Agency (see Article 46).

Suspension of the action implementation does not affect the Agency's right to terminate the Agreement or participation of a beneficiary (see Article 50), reduce the grant or recover amounts unduly paid (see Articles 43 and 44).

ARTICLE 50 — TERMINATION OF THE AGREEMENT OR OF THE PARTICIPATION OF ONE OR MORE BENEFICIARIES

50.1 Termination of the Agreement, by the beneficiaries

50.1.1 Conditions and procedure

The beneficiaries may terminate the Agreement.

The coordinator must formally notify termination to the Agency (see Article 52), stating:

- the reasons why and
- the date the termination will take effect. This date must be after the notification.

If no reasons are given or if the Agency considers the reasons do not justify termination, the Agreement will be considered to have been '**terminated improperly**'.

The termination will **take effect** on the day specified in the notification.

50.1.2 Effects

The coordinator must submit — within 60 days from when termination takes effect — the final report (see Article 20).

If the Agency does not receive the report within the deadline (see above), no costs will be reimbursed.

The Agency will **calculate the final grant amount** (see Article 5.3) and the balance (see Article 21), on the basis of the report submitted, the eligible costs and compliance with other obligations under the Agreement.

In case of **improper termination**, the grant will be reduced by 100% (see Article 43).

50.2 Termination of the participation of one or more beneficiaries, by the beneficiaries

50.2.1 Conditions and procedure

The participation of one or more beneficiaries may be terminated by the coordinator, on request of the beneficiary concerned or on behalf of the other beneficiaries.

The coordinator must formally notify termination to the Agency (see Article 52) and inform the beneficiary concerned.

If the coordinator's participation is terminated without its agreement, the formal notification must be done by another beneficiary (acting on behalf of the other beneficiaries).

The notification must include:

- the reasons why;
- the opinion of the beneficiary concerned (or proof that this opinion has been requested in writing);
- the date the termination takes effect. This date must be after the notification, and
- a request for amendment (see Article 55), with a proposal for reallocation of the tasks (see Annex 1) and, if necessary, the addition of one or more new beneficiaries (see Article 56). If termination takes effect after the period set out in Article 3, no request for amendment must be included unless the beneficiary concerned is the coordinator. In this case, the request for amendment must propose a new coordinator.

If this information is not given or if the Agency considers that the reasons do not justify termination, the participation will be considered to have been **terminated improperly**.

The termination will **take effect** on the day specified in the notification.

50.2.2 Effects

If the request for amendment is rejected by the Agency (because it calls into question the decision awarding the grant or breaches the principle of equal treatment of applicants), the Agreement may be terminated according to Article 50.3.1(c).

If the request for amendment is accepted by the Agency, the Agreement is **amended** to introduce the necessary changes (see Article 55).

Improper termination may lead to a reduction of the grant (see Article 43) or termination of the Agreement (see Article 50).

After termination, the concerned beneficiary's obligations (in particular Articles 20, 22, 23, 36, 38 and 40) continue to apply.

50.3 Termination of the Agreement or of the participation of one or more beneficiaries, by the Agency

50.3.1 Conditions

The Agency may terminate the Agreement or the participation of one or more beneficiaries, if:

- (a) one or more beneficiaries do not accede to the Agreement (see Article 56);

- (b) a change to their legal, financial, technical, organisational or ownership situation [(or those of its linked third parties)] is likely to substantially affect or delay the implementation of the action or calls into question the decision to award the grant;
- (c) following termination of participation for one or more beneficiaries (see above), the necessary changes to the Agreement would call into question the decision awarding the grant or breach the principle of equal treatment of applicants (see Article 55);
- (d) implementation of the action is prevented by force majeure (see Article 51) or suspended by the coordinator (see Article 49.1) and either:
 - (i) resumption is impossible, or
 - (ii) the necessary changes to the Agreement would call into question the decision awarding the grant or breach the principle of equal treatment of applicants;
- (e) a beneficiary is declared bankrupt, being wound up, having its affairs administered by the courts, has entered into an arrangement with creditors, has suspended business activities, or is subject to any other similar proceedings or procedures under national law;
- (f) a beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has been found guilty of professional misconduct, proven by any means;
- (g) a beneficiary does not comply with the applicable national law on taxes and social security;
- (h) the action has lost scientific or technological relevance;
 - (i) not applicable;
 - (j) not applicable;
- (k) a beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has committed fraud, corruption, or is involved in a criminal organisation, money laundering or any other illegal activity affecting the EU's financial interests;
- (l) a beneficiary (or a natural person who has the power to represent or take decisions on its behalf) has — in the award procedure or under the Agreement — committed:
 - (i) substantial errors, irregularities, fraud or
 - (ii) serious breach of obligations, including improper implementation of the action, submission of false information, failure to provide required information, breach of ethical principles;
- (m) a beneficiary has committed — in other EU or Euratom grants awarded to it under similar conditions — systemic or recurrent errors, irregularities, fraud or serious

breach of obligations that have a material impact on this grant (**‘extension of findings from other grants to this grant’**).

50.3.2 Procedure

Before terminating the Agreement or participation of one or more beneficiaries, the Agency will formally notify the coordinator:

- informing it of its intention to terminate and the reasons why and
- inviting it, within 30 days of receiving notification, to submit observations and — in case of Point (l.ii) above — to inform the Agency of the measures to ensure compliance with the obligations under the Agreement.

If the Agency does not receive observations or decides to pursue the procedure despite the observations it has received, it will formally notify to the coordinator **confirmation** of the termination and the date it will take effect. Otherwise, it will formally notify that the procedure is not continued.

The termination will **take effect**:

- for terminations under Points (b), (c), (e), (g), (h), (j), and (l.ii) above: on the day specified in the notification of the confirmation (see above);
- for terminations under Points (a), (d), (f), (i), (k), (l.i) and (m) above: on the day after the notification of the confirmation is received by the coordinator.

50.3.3 Effects

(a) for **termination of the Agreement**:

The coordinator must — within 60 days from when termination takes effect —, submit the final report (see Article 20).

If the Agency does not receive the report within the deadline (see above), no costs will be reimbursed

The Agency will calculate the final grant amount (see Article 5.3) and the balance (see Article 21), on the basis of the report submitted, the eligible costs and compliance with other obligations under the Agreement.

This does not affect the Agency’s right to reduce the grant (see Article 43) or to impose administrative and financial penalties (Article 53).

The beneficiaries may not claim damages due to termination by the Agency (see Article 46).

After termination, the beneficiaries’ obligations (in particular Articles 20, 22, 23, Section 3 of Chapter 4, 36, 37, 38 and 40) continue to apply.

(b) for **termination of the participation of one or more beneficiaries**:

The coordinator must — within 60 days from when termination takes effect — submit a request for amendment (see Article 55), with a proposal for reallocation of the tasks (see Annex 1) and, if necessary, the addition of one or more new beneficiaries (see Article 56). If termination is notified after the period set out in Article 3, no request for amendment must be submitted unless the beneficiary concerned is the coordinator. In this case the request for amendment must propose a new coordinator.

If the request for amendment is rejected by the Agency (because it calls into question the decision awarding the grant or breaches the principle of equal treatment of applicants), the Agreement may be terminated according to Article 50.3.1(c).

If the request for amendment is accepted by the Agency, the Agreement is **amended** to introduce the necessary changes (see Article 56).

After termination, the concerned beneficiary's obligations (in particular Articles 20, 22, 23, 36, 38 and 40) continue to apply.

SECTION 4 FORCE MAJEURE

ARTICLE 51 — FORCE MAJEURE

'Force majeure' means any situation or event that:

- prevents either party from fulfilling their obligations under the Agreement,
- was unforeseeable, exceptional situation and beyond the parties' control,
- was not due to error or negligence on their part (or on the part of third parties involved in the action), and
- proves to be inevitable in spite of exercising all due diligence.

The following cannot be invoked as force majeure:

- any default of a service, defect in equipment or material or delays in making them available, unless they stem directly from a relevant case of force majeure,
- labour disputes or strikes, or
- financial difficulties.

Any situation constituting force majeure must be formally notified to the other party without delay, stating the nature, likely duration and foreseeable effects.

The parties must immediately take all the necessary steps to limit any damage due to force majeure and do their best to resume implementation of the action as soon as possible.

The party prevented by force majeure from fulfilling its obligations under the Agreement cannot be considered in breach of them.

CHAPTER 7 FINAL PROVISIONS

ARTICLE 52 — COMMUNICATION BETWEEN THE PARTIES

52.1 Form and means of communication

Communication under the Agreement (information, requests, submissions, ‘formal notifications’, etc.) must:

- be made in writing and
- bear the number of the Agreement.

Until the payment of the balance: all communication must be made through the electronic exchange system and using the forms and templates provided there.

After the payment of the balance: formal notifications must be made by registered post with proof of delivery (‘formal notification on paper’).

Communications in the electronic exchange system must be made by persons authorised according to the ‘Terms and Conditions of Use of the electronic exchange system’. For naming the authorised persons, each beneficiary must have designated — before the signature of this Agreement — a ‘Legal Entity Appointed Representative (LEAR)’. The role and tasks of the LEAR are stipulated in his/her appointment letter (see Terms and Conditions of Use of the electronic exchange system).

If the electronic exchange system is temporarily unavailable, instructions will be given on the Agency and Commission websites.

52.2 Date of communication

Communications are considered to have been made when they are sent by the sending party (i.e. on the date and time they are sent through the electronic exchange system).

Formal notifications through the **electronic** exchange system are considered to have been made when they are received by the receiving party (i.e. on the date and time of acceptance by the receiving party, as indicated by the time stamp). A formal notification that has not been accepted within 10 days after sending is considered to have been accepted.

Formal notifications **on paper** sent by **registered post** with proof of delivery (only after the payment of the balance) are considered to have been made on either:

- the delivery date registered by the postal service or

- the deadline for collection at the post office.

If the electronic exchange system is temporarily unavailable, the sending party cannot be considered in breach of its obligation to send a communication within a specified deadline.

52.3 Addresses for communication

The **electronic** exchange system must be accessed via the following URL:

[insert URL]

The Agency will formally notify the coordinator and beneficiaries in advance any changes to this URL.

Formal notifications on paper (only after the payment of the balance) addressed **to the Agency** must be sent to the following address:

[European Commission][name of the Agency]
[Directorate-General][Department] [complete]
[Directorate [complete]]
Unit [complete]
[Post code, town and country]

Formal notifications on paper (only after the payment of the balance) addressed **to the beneficiaries** must be sent to their legal address as specified in the ‘Beneficiary Register’.

ARTICLE 53 — INTERPRETATION OF THE AGREEMENT

53.1 Precedence of the Terms and Conditions over the Annexes

The provisions in the Terms and Conditions of the Agreement take precedence over its Annexes.

Annex 2 takes precedence over Annex 1.

53.2 Privileges and immunities

[OPTION for all international organisations: Nothing in the Agreement may be interpreted as a waiver of any privileges or immunities accorded to the [insert name of international organisation(s)] by its constituent documents or international law.]

[OPTION: Not applicable]

ARTICLE 54 — CALCULATION OF PERIODS, DATES AND DEADLINES

In accordance with Regulation No 1182/71¹², periods expressed in days, months or years are calculated from the moment the triggering event occurs.

The day during which that event occurs is not considered as falling within the period.

ARTICLE 55 — AMENDMENTS TO THE AGREEMENT

55.1 Conditions

The Agreement may be amended, unless the amendment entails changes to the Agreement which would call into question the decision awarding the grant or breach the principle of equal treatment of applicants.

Amendments may be requested by any of the parties.

55.2 Procedure

The party requesting an amendment must submit a request for amendment signed in the electronic exchange system (see Article 52).

The coordinator submits and receives requests for amendment on behalf of the beneficiaries (see Annex 3).

If a change of coordinator is requested without its agreement, the submission must be done by another beneficiary (acting on behalf of the other beneficiaries).

The request for amendment must include:

- the reasons why;
- the appropriate supporting documents, and
- for a change of coordinator without its agreement: the opinion of the coordinator (or proof that this opinion has been requested in writing).

The Agency may request additional information.

If the party receiving the request agrees, it must sign the amendment in the electronic exchange system within 45 days of receiving notification (or any additional information the Agency has requested). If it does not agree, it must formally notify its disagreement within the same deadline. The deadline may be extended, if necessary for the assessment of the request. If no notification is received within the deadline, the request is considered to have been rejected.

An amendment **enters into force** on the day of the signature of the receiving party.

¹² Regulation (EEC, Euratom) No 1182/71 of the Council of 3 June 1971 determining the rules applicable to periods, dates and time-limits (OJ L 124, 8.6.1971, p. 1).

An amendment **takes effect** on the date agreed by the parties or, in the absence of such an agreement, on the date on which the amendment enters into force.

ARTICLE 56 — ACCESSION TO THE AGREEMENT

56.1 Accession of the beneficiaries mentioned in the Preamble

The other beneficiaries must accede to the Agreement by signing the Accession Form (see Annex 3) in the electronic exchange system (see Article 52), within 30 days after its entry into force (see Article 58).

They will assume the rights and obligations under the Agreement with effect from the date of its entry into force (see Article 58).

If a beneficiary does not accede to the Agreement within the above deadline, the coordinator must — within 30 days — request an amendment to make any changes necessary to ensure proper implementation of the action. This does not affect the Agency's right to terminate the Agreement (see Article 50).

56.2 Addition of new beneficiaries

In justified cases, the beneficiaries may request the addition of a new beneficiary.

For this purpose, the coordinator must submit a request for amendment in accordance with Article 55. It must include an Accession Form (see Annex 3) signed by the new beneficiary in the electronic exchange system (see Article 52).

New beneficiaries must assume the rights and obligations under the Agreement with effect from the date of their accession specified in the Accession Form (see Annex 3).

ARTICLE 57 — APPLICABLE LAW AND SETTLEMENT OF DISPUTES

57.1 Applicable law

The Agreement is governed by the applicable EU law, supplemented if necessary by the law of Belgium [*OPTION for international organisations that do not accept application of Union law: except for [insert name(s) of the international organisations concerned]*].

[OPTION for international organisations that accept application of Union law but not Belgian law: For [insert name(s) of the international organisations concerned], the Agreement is governed by the applicable EU law, supplemented if necessary by the law of [insert name of a Member State or an EFTA country] [and, where appropriate, by the general principles governing the law of international organisations and the rules of general international law].]

57.2 Dispute settlement

If a dispute concerning the interpretation, application or validity of the Agreement cannot be settled amicably, the General Court — or, on appeal, the Court of Justice of the European

Union — has sole jurisdiction. Such actions must be brought under Article 272 of the Treaty on the Functioning of the EU (TFEU).

[OPTION for non-EU beneficiaries (except beneficiaries established in an associated country¹³ with an association agreement to Horizon 2020 that stipulates sole jurisdiction of the European Court of Justice): As an exception, if such a dispute is between the Agency and [insert non-EU beneficiary(ies) name(s)], the competent Belgian courts have sole jurisdiction.]

[OPTION for beneficiaries that are international organisations and for beneficiaries not receiving EU funding, established in a non-EU or associated country and which according to their national law cannot be subject to the jurisdiction of the European Court of Justice: As an exception, for the following beneficiaries:

- [insert name of international organisation or beneficiary not receiving EU funding]
 - [insert name of international organisation or beneficiary not receiving EU funding]
- [same for other beneficiaries that are international organisations or beneficiary not receiving EU funding]*

such disputes must — if they cannot be settled amicably — be referred to arbitration.

The Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States in force at the date of entry into force of the Agreement will apply.

The appointing authority will be the Secretary-General of the Permanent Court of Arbitration following a written request submitted by either party.

The arbitration proceedings must take place in Brussels and the language used in the arbitral proceedings will be English.

The arbitral award will be binding on all parties and will not be subject to appeal.]

If a dispute concerns administrative or financial penalties, offsetting or an enforceable decision under Article 299 TFEU (see Articles 44, 45 and 46), the beneficiaries must bring action before the General Court — or, on appeal, the Court of Justice of the European Union — under Article 263 TFEU. Actions against enforceable decisions must be brought against the Commission (not against the Agency).

ARTICLE 58 — ENTRY INTO FORCE OF THE AGREEMENT

The Agreement will enter into force on the day of signature by the Agency or the coordinator, depending on which is later.

¹³ For the definition, see 2.1(3) of Regulation (EU) No 1290/2013 of the European Parliament and of the Council of 11 December 2013 laying down the rules for participation and dissemination in “Horizon 2020 - the Framework Programme for Research and Innovation (2014-2020)” (**‘Rules for Participation Regulation No 1290/2013’**) (OJ L 347, 20.12.2013 p.81): ‘associated country’ means a third country which is party to an international agreement with the Union, as identified in Article 7 of the H2020 Framework Programme Regulation No 1291/2013. Article 7 sets out the conditions for association of non-EU countries to Horizon 2020.

Grant Agreement number: [insert number] [insert acronym] [insert call/sub-call identifier]

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SIGNATURES

For the coordinator

[function/forename/surname]
[electronic signature]

For the Agency

[forename/surname]
[electronic signature]

Done in [English] on [electronic time stamp] Done in [English] on [electronic time stamp]

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MODEL ANNEX 2 FOR H2020 SME Ph1 — MULTI

ESTIMATED BUDGET FOR THE ACTION

Estimated eligible ¹ costs (per budget category)		EU contribution			
A. Costs of the feasibility study (direct and indirect costs)	Total costs	Reimbursement rate %	Maximum EU contribution ²	Maximum grant amount ³	
Form of costs ⁴	Lump sum				
Consortium	50 000	71 429	70%	50 000	50 000

¹ See Article 6 for the eligibility conditions

² This is the *theoretical* amount of EU contribution that the system calculates automatically (by multiplying all the budgeted costs by the reimbursement rate). This *theoretical* amount is capped by the 'maximum grant amount' (that the Commission/Agency decided to grant for the action) (see Article 5.1).

³ The 'maximum grant amount' is the maximum grant amount decided by the Commission/Agency. It normally corresponds to the requested grant, but may be lower.

⁴ See Article 5 for the form of costs

ACCESSION FORM FOR BENEFICIARIES

[Full official name of the beneficiary/new beneficiary/new coordinator(short name)]
[legal form], [official registration No], established in [official address in full] [VAT number],
([‘the beneficiary’][‘the coordinator’]), represented for the purpose of signing this Accession
Form by [forename and surname, function],

hereby agrees

to become [beneficiary][coordinator] (‘insert official registration no ..’)

in Grant Agreement No [insert agreement number] (‘the Agreement’)

between [full official name of the coordinator] and the Executive Agency for Small and
Medium-sized Enterprises (EASME) (‘the Agency’), under the power delegated by the
European Commission (‘the Commission’),

for the action entitled [insert title of the action (insert acronym)].

[OPTION for beneficiaries/new beneficiaries: and mandates

*the coordinator to submit and sign in its name and on its behalf any amendments to the
Agreement, in accordance with Article 55.*

*By signing this Accession Form, the beneficiary accepts the grant and agrees to [OPTION:
for new coordinators: take on the obligations and role of coordinator and to] implement the
grant in accordance with the Agreement, with all the obligations and conditions it sets out
[OPTION for new beneficiaries:, as from [date] if the Agency agrees with the request for
amendment].*

SIGNATURE

For the beneficiary/new beneficiary/new coordinator:

[function/forename/surname]

[electronic signature]

Done in [English] on [electronic time stamp]

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MODEL ANNEX 4 FOR H2020 SME Ph1 — MULTI

FINANCIAL STATEMENT FOR CONSORTIUM [name] FOR REPORTING PERIOD [reporting period]

Eligible ¹ costs (per budget category)		EU contribution			
A. Costs of the feasibility study (direct and indirect costs)	Total costs	Reimbursement rate %	Maximum EU contribution	Requested EU contribution	
Form of costs ²	Lump sum				
Consortium	50 000	71 429	70%	50 000	50 000

The consortium hereby confirms that:
 The information provided is complete, reliable and true.
 The costs declared are eligible (see Article 6).
 The costs can be substantiated by adequate records and supporting documentation that will be produced upon request or in the context of checks, reviews, audits and investigations (see Articles 17, 18 and 22).

¹ See Article 6 for the eligibility conditions

² See Article 5 for the forms of costs