

# Rules applicable to operations with Investment Platforms under InvestEU

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## 1. Purpose of the document

According to Article 21(3)(f) of the InvestEU Regulation<sup>1</sup>, the Steering Board shall adopt the rules applicable to the operations with Investment Platforms. The present document meets this requirement by giving guidance on the creation and functioning of Investment Platforms under the InvestEU Programme. Nevertheless, it does not amend, supersede or introduce additional conditions or requirements with respect to financing and investment operations, to which provisions of the respective guarantee agreements signed between the Commission and the implementing partners (**‘Implementing Partners’**) apply. This document is also without prejudice to applicable State aid rules.

According to Recital 51 of the InvestEU Regulation, *“with a view to promoting improved geographic diversification, Investment Platforms may be established under InvestEU to combine the efforts and expertise of implementing partners<sup>2</sup> with other national promotional banks and institutions that have limited experience in the use of financial instruments. Such structures should be encouraged, including with the available support from the InvestEU Advisory Hub.”*

According to Article 2(18) of the InvestEU Regulation, *“‘investment platform’ means a special purpose vehicle, managed account, contract-based co-financing or risk-sharing arrangement or an arrangement established by any other means by which entities channel a financial contribution in order to finance a number of investment projects, and which may include:*

- a) a national or sub-national platform that groups together several investment projects on the territory of a given Member State;*
- b) a cross-border, multi-country, regional or macro-regional platform that groups together partners from several Member States, regions or third countries interested in investment projects in a given geographic area;*
- c) a thematic platform that groups together investment projects in a given sector.”*

Investment Platforms are therefore engagement models structured with a view to catalysing investments to finance a (portfolio of) project(s) with a sectorial or geographical focus. Investment Platforms are also means to reduce transaction and information costs and provide for more diverse risk allocation among various investors.

Recital (41) of the InvestEU Regulation clarifies how one-off contributions by national promotional banks and institutions (**‘NPBIs’**) into thematic and/or multi-country investment

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<sup>1</sup> Regulation (EU) 2021/523 of the European Parliament and of the Council of 24 March 2021 establishing the InvestEU Programme and amending Regulation (EU) 2015/1017, OJ L 107, 26.3.2021, p. 30.

<sup>2</sup> According to Article 2(13) of the InvestEU Regulation, ‘implementing partner’ means an eligible counterpart such as a financial institution or other financial intermediary with whom the Commission has concluded a guarantee agreement.

platforms, should be classified as one off measures vis-à-vis the implementation of the Stability and Growth Pact.

Guidance on how to set up Investment Platforms under InvestEU is provided in this document taking into account the experiences and lessons learned under the European Fund for Strategic Investments ('EFSI').

Under EFSI, more than 60 Investment Platforms have been established in cooperation with the EIB Group and NPBI<sup>3</sup>. This experience shows that the use of Investment Platforms is an efficient way to operate in incipient and less mature markets, to address areas of high policy priorities and to ensure broader geographical coverage.

## 2. The role of Investment Platforms under InvestEU

Differently from EFSI, under InvestEU, NPBI may become Implementing Partners of the European Commission with direct access to the EU guarantee. Furthermore, the InvestEU Programme aims to ensure a level playing field for smaller and recently created NPBI. Therefore, the InvestEU Regulation promotes the establishment of Investment Platforms to the advantage of less experienced NPBI that are not Implementing Partners under InvestEU and other stakeholders.

Moreover, Investment Platforms may prove to be useful tools for pooling investment projects with a sectorial or geographical focus, thereby contributing to InvestEU objectives, especially by addressing severe market failures that prevent private investors from serving the relevant market.

All Implementing Partners, as well as other NPBI that are not Implementing Partners under InvestEU, can support the financing and, in certain cases, can also be the sponsors of Investment Platforms.

Investment Platforms should preferably be formed by more than one NPBI; those that participate in their capacity of Implementing Partner - covered by the EU guarantee under the relevant financial product - shall jointly contribute to the financing of operations through Investment Platforms up to the maximum level of contribution that would be allowed by the Investment Guidelines.

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<sup>3</sup> Examples of Investment Platforms under EFSI: [https://ec.europa.eu/info/sites/default/files/investment\\_platforms\\_factsheet\\_en.pdf](https://ec.europa.eu/info/sites/default/files/investment_platforms_factsheet_en.pdf)  
 Lessons learned from EFSI Investment Platforms: [https://ec.europa.eu/info/sites/default/files/economy-finance/update\\_on\\_efsipps.pdf](https://ec.europa.eu/info/sites/default/files/economy-finance/update_on_efsipps.pdf)  
 Cooperation with NPBI under EFSI: [Evaluation of the European Fund for Strategic Investments 2021 – Thematic Report \(eib.org\)](#) – Section 5.5

Well-designed Investment Platforms have the potential to attract investments (and to combine resources) from different parties (e.g. NPBI, institutional investors, sovereign wealth funds, etc.) and thus boost the leverage and the impact of InvestEU.

### 3. Key principles

#### 3.1 General principles

Article 16(1) of the InvestEU Regulation provides that the following types of financing are eligible for risk coverage by the EU guarantee:

- (a) loans, guarantees, counter-guarantees, capital market instruments, any other form of funding or credit enhancement, including subordinated debt, or equity or quasi-equity investments, provided directly or indirectly through financial intermediaries, funds, as well as investment platforms or other vehicles to be channelled to final recipients;*
- (b) funding or guarantees by an Implementing Partner to another financial institution enabling the latter to undertake financing referred to point (a).*

In accordance with the requirements of the InvestEU Regulation, the Implementing Partner shall carry out financing and investment operations, including through Investment Platforms, in its own name, implemented in accordance with its internal rules, policies and procedures, and accounted for in its own financial statements or, where applicable, disclosed in the notes to the financial statements.

Implementing Partners may use the EU guarantee for supporting their financing or investment through Investment Platforms within the scope of their respective InvestEU financial products, as reflected in the relevant guarantee agreement. Like other InvestEU operations, financing or investment through Investment Platforms has to go through the InvestEU approval process in accordance with the applicable terms as described in the guarantee agreement.

Implementing Partner's financing or investment through Investment Platforms can imply stand-alone financing or investment operation as well as support several sub-projects. In this latter case, Implementing Partner's financing or investment through the Investment Platform that supports several sub-projects should be assimilated to framework operations as provided for in Article 24(6) of the InvestEU Regulation and follow the same approval process.

## 3.2 Additionality

The main objective of InvestEU is to address acknowledged market failures that prevent private investors from serving the relevant market. Investment Platforms are considered a useful means to achieve this objective and to enlarge the geographical spread.

Investment Platforms should aim at crowding-in a wide range of investors<sup>4</sup> into the relevant market from both private and public sources – including NPBI that are not Implementing Partners.

Support through Investment Platforms should be structured to be economically viable, to effectively and efficiently address such market failures and minimize the risk of disrupting or unduly distorting the market or crowding out other financing, including potential new investors in new markets. Thus, InvestEU support to Investment Platforms could be only used to finance or back projects that are complementary to existing instruments or activities in the market, including those of the Implementing Partners.

Complementarity with existing market operators may take many forms, such as by focusing on a market segment or financial product that is not yet served, or targeting projects at an earlier stage (earlier than where the existing market investors would normally engage).

The proposal for a participation in an Investment Platform submitted by the Implementing Partner for InvestEU approval process shall demonstrate the added value of the proposed Investment Platform, its economic rationale, the claimed market failure, as well as how the market failure will be addressed by the Investment Platform.

To enable the Investment Platforms to crowd-in investors that would otherwise avoid the targeted markets, and in those specific situations when it is allowed by the Investment Guidelines<sup>5</sup>, the Implementing Partners may resort to the use of various forms of subordination to other investors that do not directly benefit from the EU guarantee. The Implementing Partner shall provide justification on the need to take a subordinated position in its proposal for a participation in an Investment Platform submitted for the InvestEU approval process, as further set out in the relevant guarantee agreement with the Implementing Partner. With respect to operations financed through the Investment Platform, the Implementing Partner shall in any case retain part of the risk to ensure alignment of interest. It is recommended that such justifications are provided on the basis of a market assessment.

Notwithstanding the potential benefits of geographical enlargement or the crowding in of a wide range of investors, an overarching principle should be that the complexity of the set up should

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<sup>4</sup> In accordance with section A.2, second paragraph, point e) of Annex V to the InvestEU Regulation.

<sup>5</sup> This is the case, for example, concerning intermediated thematic equity products, for which under section 5.2.2 the Investment Guidelines allows that “investment in [...] platforms supported by the EU guarantee may, in duly justified cases, also rank in a subordinated manner compared to other investors”.

have a clear and demonstrable economic justification over a more simple set up of direct financial investments.

## 4. Rules for InvestEU Investment Platforms

### 4.1 Eligibility of Investment Platforms

Investment Platforms can be set up under all appropriate financial products offered by Implementing Partners and under all policy windows of InvestEU.

Support through Investment Platforms has to comply with requirements of the relevant financial product(s) as defined in the relevant guarantee agreement, *inter alia* in terms of additionality, eligibility, reporting.

### 4.2 Structuring of an Investment Platform

When setting up Investment Platforms, Implementing Partners shall aim to optimise value added in view of the promoters' financing needs and overall financing costs. Implementing Partners shall apply best banking practices or best market practices (as applicable), as well as their internal rules and policies with regards to transaction structuring, pricing and due diligence also in subordinated transactions.

Investment Platforms can be implemented via both direct and indirect operations across all policy windows, as appropriate.

In case of Investment Platforms operated by a financial intermediary who is taking the investment decisions, such financial intermediary has to comply with the rules on risk retention set in the Investment Guidelines and relevant guarantee agreements. The rules on selection of financial intermediaries shall also apply accordingly.

The level of financing from the Implementing Partner that is channelled via an Investment Platform may vary depending on the specific financial structure of the Investment Platform, and should seek to crowd-in the third-party financing (in particular private sector). For example, concerning intermediated equity financing, the *“investment by Implementing Partners in funds shall typically not represent more than 25% of the fund size”*<sup>6</sup> whereas exceptions may apply in case of high policy value added (e.g. under the SISW, or others as specified in the respective guarantee agreements with the Implementing Partners).

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<sup>6</sup> Investment Guidelines, Section 5.1.2.

The provisions set out in Article 13(2) of the InvestEU Regulation require that the remuneration for the EU guarantee shall be linked to the characteristics and risk profile of the financial products. However, it may be exceptionally reduced to facilitate the establishment of Investment Platforms, to the extent that *i)* the reduction of the remuneration for the EU guarantee does not significantly impact the provisioning for the EU guarantee and *ii)* the reduction of the remuneration for the EU guarantee shall fully benefit final recipients. The relevant provisions to make use of this option will have to be duly justified and reflected in the relevant guarantee agreements.

### 4.3 Geographic scope

Investment Platforms can cover a wide range of possible geographical scope:

- i. **A national (single-country) Investment Platform** supports projects on the territory of a single Member State, or in an overseas country or territory linked to a Member State;
- ii. **A multi-country Investment Platform** supports projects situated in a group of Member States or overseas countries or territories linked to Member States. An Investment Platform could also cover the whole of the EU;
- iii. **Regional Investment Platform** supports projects in a given region within a single Member State or within an overseas country or territory linked to a Member State;
- iv. **A sub-national, multi-regional or macro-regional Investment Platform** would support projects in several regions, either in a single Member State or in several Member States, a Macro-Region<sup>7</sup> or in one or more overseas country(-ies) or territory(-ies) linked to the Member States;
- v. **A cross-border Investment Platform** supports projects involving entities located or established in one or more Member State(s) that extend to one or more third countries, including acceding countries, candidate countries and potential candidates, countries falling within the scope of the European Neighbourhood Policy, the European Economic Area or the European Free Trade Area, to an overseas country or territory as set out in Annex II to the Treaty on the Functioning of the European Union, regardless whether there is a partner in those third countries or overseas countries or territories.

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<sup>7</sup> Various regions on both sides of a border between two or more Member States.

#### 4.4 Sectorial scope

Investment Platforms can have a pre-defined sectorial focus within the scope of one or more financial product(s) supporting the eligible areas under Annex II of the InvestEU Regulation, as defined in the relevant guarantee agreement. Investment Platforms could have either:

- i. **Mono-sector focus**, e.g. "energy efficiency" or "social infrastructure" or "robotics and automatisisation", or
- ii. **Multi-sector focus**, e.g. "social infrastructure and energy efficiency".

#### 4.5 Type of financing to Investment Platforms, which constitutes financing and investment operations

Implementing Partners can provide various types of support to the Investment Platforms which constitute financing and investment operations that comply with the eligibility and additionality criteria defined in the respective guarantee agreements, in line with Article 16 of the InvestEU Regulation, such as *inter alia*:

- i. Loan to the Investment Platform;
- ii. Equity or quasi-equity investment in or financial commitment to or through the Investment Platform;
- iii. Guarantee or counter-guarantee coverage to a portfolio of eligible projects financed by the Investment Platform (guarantee of loans given by the Investment Platform to projects).

#### 4.6 Type of financial support through Investment Platforms

The nature of the InvestEU support is not to be confused with the products that Investment Platforms could provide to the market. For example, InvestEU can guarantee an equity investment by an Implementing Partner into an Investment Platform that will ultimately provide debt finance to projects.

Through Investment Platforms, therefore, Implementing Partners may channel any type of financial support constituting operations which fall under one or several financial product(s) and comply with the eligibility and additionality criteria defined in the respective guarantee agreements. The type of financing provided through an investment platform may include, *inter alia*:



- i. Equity and quasi-equity investment in projects or financial intermediaries;
- ii. Loans to projects or to financial intermediaries;
- iii. Guarantees to projects;
- iv. Guarantees and/or counter-guarantees to financial intermediaries.

To maximise synergies and impact, advisory services available under the InvestEU Advisory Hub<sup>8</sup> could be used to complement the financing or investment provided to the Investment Platform and support the set up of such Investment Platforms and the projects targeted.

## 4.7 Possible legal forms of Investment Platforms

Investment Platforms could be set up under different legal forms, including for example:

### a. Special Purpose Vehicle (SPV)

An SPV can be a dedicated investment fund and take various legal forms, including but not limited to: ELTIF (European Long Term Investment Fund), SICAV (Société d'investissement à capital variable), FPCI (Fond professionnel de capital investissement), investment trust, RAIF, etc.

### b. Managed account

The Investment Platform's counterparts entrust their funds to a Platform Manager (see section 4.9), which manages the funds via a dedicated account. There is no need to create a new legal entity or vehicle. The Platform Manager deploys the funds in line with the investment strategy agreed by the sponsors, including the participation of other Implementing Partner(s).

### c. Risk-sharing arrangement

The Implementing Partner and Counterparts (see section 4.8) in the Investment Platform decide on an investment strategy and entrust their funds to a Platform Manager, as relevant, on a risk-sharing basis. The risk sharing could be tailor-made. There is no need to create a new legal entity or vehicle. The Platform Manager then deploys the funds in line with investment strategy and shares the risk of the Investment Platform's financing.

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<sup>8</sup> Article 25(2) f) of the InvestEU Regulation.

#### d. Co-financing arrangement<sup>9</sup>

Implementing Partners' participation in such arrangements may be assimilated to framework operations in respect to the approval process under InvestEU. In this context, the Implementing Partner and Counterparts in the Investment Platform decide on a common investment strategy by participating under the co-financing arrangement as further explained below. There is no need to create a new legal entity or vehicle. A Platform Manager may coordinate the pipeline among participating entities in the Investment Platform and each counterpart deploys a part of their financing in line with the pre-agreed co-financing arrangement.

Each Implementing Partner participating to the Investment Platform taking the form of a co-financing arrangement may be backed by the EU guarantee (or by top-ups of the EU Guarantee). They should, as a rule, invest additional own or managed resources with a financial commitment to be deployed within the scope of the Investment Platform, in accordance with their respective guarantee agreements.

Approval and signature by each Implementing Partner of such co-financing arrangement would constitute a valid commitment to fulfil the NGEU deadlines.

In each case, the selection of the Platform Manager has to follow the rules laid down in Section 4.9 below.

### 4.8 Potential Counterparts in Investment Platforms

The Implementing Partner that is promoting the Investment Platform will submit to the relevant InvestEU governing bodies a proposal that covers investment needs, sectorial and geographical focus, the business case, sources of funding and envisaged risk-sharing structure, decision-making rules and governance of the Investment Platform, etc. Such proposals can be developed jointly with the following entities that may become counterparts in an Investment Platform, such as *inter alia*:

- i. Other Implementing Partners;
- ii. NPBI and other International Financial Institutions which are not Implementing Partners;
- iii. European Commission;
- iv. Government agencies;

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<sup>9</sup> [...] or an arrangement established by any other means by which entities channel a financial contribution in order to finance a number of investment projects.

- v. EU institutions, agencies or bodies;
- vi. Commercial banks and other lending institutions;
- vii. Investment funds and investment companies;
- viii. Corporates;
- ix. Managing authorities of European Structural and Investment Funds (ESIF) or relevant counterparts in the implementation of the Recovery and Resilience Facility (RRF);
- x. Sovereign wealth funds, foundations, donors;
- xi. Other stakeholders (e.g. experts, education, training and research institutions, relevant social partners and representatives of the civil society and other relevant actors at EU, national or regional level).

Counterparts other than Implementing Partners promoting an Investment Platform shall contact an Implementing Partner to share their proposal and the Implementing Partner has to assess the eligibility of the Investment Platform under one of its InvestEU financial products. Shall the Investment Platform be proposed to more than one Implementing Partner, one of them may take the role of coordinator among the other Implementing Partners.

Counterparts would typically assist the Implementing Partner to set the criteria for the Investment Platform e.g. risk/return profile, remuneration criteria for the investors, eligible entities which can propose projects to the Investment Platform, Investment Platform's internal project selection process, etc.

Counterparts would typically provide part of the initial funding for the Investment Platform's activities. The European Commission and/or the Implementing Partners sponsoring the Investment Platform could also support or participate in its set up by way of advisory support and technical assistance, including via the InvestEU Advisory Hub.

#### 4.9 Manager of the Investment Platform

The Investment Platform may be coordinated by a Platform Manager, where deemed appropriate and when promoted by more than one Implementing Partner, to facilitate the functioning of the Investment Platform.

The role of the Investment Platform Manager could be taken, for instance, by the:

- i. Fund manager;
- ii. NPBI and other International Financial Institutions that is not Implementing Partner;

- iii. Implementing Partner;
- iv. Financial Intermediaries.

In case of Investment Platforms promoted by more than one Implementing Partner, one of them may take the role of Platform Manager and coordinate the approval process as explained in Section 6. Nevertheless, each Implementing Partner shall retain full responsibility and accountability for its own participation to the Investment Platform.

In case the Investment Platform is structured as an indirect operation, other than co-financing arrangements set out in section 4.7 d), the Implementing Partner<sup>10</sup>, if applicable, together with other counterparts or investors, shall appoint the Platform Manager through an open, transparent, proportionate and non-discriminatory selection process also avoiding conflict of interests, and decide on its remuneration<sup>11</sup>, which should be performance-based and ensure alignment of interests. Such Platform Manager is considered to be an intermediary. As an exception to the above requirement, subsidiaries of Implementing Partners or investment and/or management structures advised by Implementing Partners can act as Platform Managers without participating in an open selection procedure, only if the Implementing Partner, acting as counterpart of the Investment Platform, can demonstrate that the selection of such entity as Platform Manager without an open selection procedure is justified on objective grounds by specific policy objectives and market circumstances or as a means to achieve such specific policy objectives. In addition, the public financial intermediaries must be managed commercially and their managers shall take investment decisions in a profit-oriented manner at arm's-length from the State. The participation of the private investors at the level of the platform and at the level of sub-projects shall be ensured in accordance with the provisions of the relevant guarantee agreement. Appropriate mechanisms must be in place to exclude any possible interference by the State in the day-to-day management of the public fund. The Implementing Partner shall also justify how conflict of interests can be avoided by such entity acting as Platform Manager. Such justification shall be presented both in the policy check/Article 19 process, and in the submission to the Investment Committee.

## 5. Other non-InvestEU providers of funding

On top of financing provided by the Implementing Partner, financing of Investment Platforms should also come from other sources, such as:

- i. Sponsors providing equity, quasi equity or debt;

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<sup>10</sup> In accordance with paragraph 2.3.1 of the Investment Guidelines.

<sup>11</sup> For clarification purposes, such remuneration does not constitute remuneration as intended under Article 209(2)(g) of the Financial Regulation.

- ii. Banks' and/or institutional lending;
- iii. Capital markets (Investment Platforms could issue equity or debt securities that would be purchased by investors);
- iv. NPBI's providing funding under various formats (debt, equity);
- v. National, regional or local governments providing funding under various formats (debt, equity).

## 6. Approval Process

The use of the EU guarantee is approved ex ante for the financing or investment by the Implementing Partner in relation to the Investment Platform. There is no need for the Implementing Partner(s) to seek for further Investment Committee approval for each and every underlying individual transaction or sub-project within the Investment Platform.

For Investment Platforms promoted by more than one Implementing Partner, the relevant documents submitted for approval to the policy check/Article 19 and to the Investment Committee should include the information on all participating Implementing Partners. Each Implementing Partner will retain full responsibility and accountability for its own participation.

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