



## WHITE PAPER

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### Financial Government Support Measures Related to COVID-19 for European Corporates

The economic crisis caused by the spread of the coronavirus triggered an unprecedented response from European governments to support their economies with various measures of support.

This overview summarizes the various support initiatives that have been made available for companies in Europe's most important jurisdictions. Covering seven countries (Germany, United Kingdom, France, the Netherlands, Spain, Belgium, and Italy), we highlight the amount of funds made available, eligibility criteria, how to apply, and what process needs to be followed. It is intended as a high-level overview for companies with operations in one or more of those European countries listed.

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## BELGIUM

Royal Decree of April 14, 2020	
<b>Amount of Funds Available</b>	<ul style="list-style-type: none"> <li>• €50 billion of state guarantees for new short-term loans and credit lines (up to 12 months) allocated to the Belgian banks on the basis of their market share</li> <li>• Maximum amount per applicant: the lower of €50 million or the amount necessary for its liquidity needs for 12 months</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• Financial companies are excluded</li> <li>• Applicant has not been “in difficulty” pursuant to EU Regulation n. 651/2014</li> <li>• Applicant is not in an active credit restructuring on January 31, 2020</li> <li>• Applicant does not have payment arrears on February 1, 2020, or payment arrears of more than 30 days on February 29, 2020</li> <li>• Only Belgian companies and Belgian branches of foreign entities are eligible, but foreign companies having activities in Belgium are not eligible</li> </ul>
<b>Application Requirements</b>	<ul style="list-style-type: none"> <li>• Guarantee scheme applies automatically to all loans covered by the decree</li> <li>• Credit institutions are responsible for granting guaranteed loans to eligible borrowers</li> <li>• Loans must be granted between April 1, 2020, and September 30, 2020</li> </ul>
<b>Process</b>	<ul style="list-style-type: none"> <li>• Guaranteed loans must be taken out by eligible borrowers directly with the credit institutions</li> </ul>

## FRANCE

PGE Scheme	
<b>Amount of Funds available</b>	<ul style="list-style-type: none"> <li>• €300 billion of state guarantees for new unsecured loans (“PGE Scheme”)</li> <li>• Applicants can generally borrow up to 25% of 2019 turnover (if incorporated before January 1, 2019) or an amount equal to the French wage bill for its first two years of activity (if incorporated after January 1, 2019)</li> <li>• Guarantee covers 70-90% of loan amount</li> </ul>
<b>Eligibility/Application Requirements</b>	<ul style="list-style-type: none"> <li>• Financial companies, credit institutions, and certain real estate (civil) companies are excluded</li> <li>• Applicant must on December 31, 2019, not be going through an insolvency proceeding that is not closed</li> <li>• Applicant is not “in difficulty” pursuant to EU Regulation n. 651/2014 as of December 31, 2019</li> <li>• Subsidiaries but not branches of foreign companies are eligible</li> <li>• Application should be made between March 16 and December 31, 2020</li> </ul>
<b>Process</b>	<p><b>Companies employing less than 5,000 people and with a turnover not exceeding €1.5 billion:</b></p> <ul style="list-style-type: none"> <li>• Loan application at bank + obtaining pre-agreement</li> <li>• Applicant notifies Bpifrance Financement SA through online platform</li> <li>• Guarantee is granted upon receipt of the notification reference number from Bpifrance Financement SA</li> </ul> <p><b>Companies employing at least 5,000 people in the last financial year or with a turnover in excess of €1.5 billion:</b></p> <ul style="list-style-type: none"> <li>• Loan application at bank + obtaining pre-agreement</li> <li>• Applicant transmits its request for a guarantee via email to Bpifrance Investigation of file by the Directorate General of the Treasury</li> <li>• Guarantee granted by individual decree of the Minister of Economy and Finance</li> </ul>

## GERMANY

Economic Stabilization Fund Act	
<b>Amount of Funds Available</b>	<ul style="list-style-type: none"> <li>Up to €600 billion of government support made up of:               <ul style="list-style-type: none"> <li>€400 billion for guarantees of new debt</li> <li>€100 billion for recapitalizations</li> <li>€100 billion for the refinancing of KfW's special loan programs in response to the coronavirus pandemic</li> </ul> </li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Non-SME companies only (critical infrastructure and start-up companies may be eligible)</li> <li>Applicant has not been "in difficulty" pursuant to EU Regulation n. 651/2014</li> <li>Subsidiaries but not branches of foreign companies are eligible (ring-fencing measures to be expected)</li> </ul>
<b>Application Requirements</b>	<ul style="list-style-type: none"> <li>No other means of financing available</li> <li>Applicant must show clear prospect of continuation</li> <li>Sound and prudent business policy</li> <li>Funds are used for stabilizing production chains and safeguarding jobs</li> <li>Applicant is important to the German economy</li> <li>Funds are urgently needed</li> <li>Funds protect a significant number of jobs</li> </ul>
<b>Process</b>	<ul style="list-style-type: none"> <li>Detailed application required</li> <li>Decision will be taken by the German Ministry of Economic Affairs and Energy and German Ministry of Finance</li> <li>EU Commission has not yet signed off on this program</li> <li>An individual state aid notification may become necessary</li> <li>While German merger control will not apply to recapitalization measures, EU and foreign merger control law will apply</li> </ul>

## ITALY

Law Decree No. 23 of April 8, 2020, recently converted into law by Law No. 40 of June 5, 2020	
<b>Amount of Funds Available</b>	<ul style="list-style-type: none"> <li>€170 billion of state guarantees for principal, interest, and ancillary charges of loans, through SACE S.p.A., an entity ultimately controlled by the Ministry for Economics and Finance ("SACE")</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Financial companies excluded</li> <li>Applicant not classified as undertaking "in difficulty" pursuant to EU Regulation n. 651/2014</li> <li>Applicant has no financial exposure classified as "distressed debt" as of February 29, 2020</li> <li>Applicant companies must have their registered office in Italy. Subsidiaries with registered offices in Italy, but not branches of foreign companies, are eligible</li> <li>Companies directly/indirectly controlling, or controlled by, companies having registered office in a country or territory noncooperative for tax purposes are not eligible</li> </ul>

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<b>Application Requirements</b>	<ul style="list-style-type: none"> <li>• Financing must not have a term exceeding six years</li> <li>• Applicant must not have exposures classified as NPE as of December 31, 2019</li> <li>• Undertaking not to distribute dividends or buy back its own shares for a period of up to 12 months</li> <li>• Applicant must reach agreements with trade unions to uphold employment levels</li> <li>• Financing may be used only for coverage of employment costs, rent, or payments related to leases of business units and investments and/or the funding of working capital within the territory of Italy. Applicant shall undertake not to relocate its production</li> <li>• Financing will increase overall indebtedness of applicant</li> </ul>
<b>Process</b>	<ul style="list-style-type: none"> <li>• For applicants with no more than 5,000 employees in Italy and overall annual revenue not exceeding €1.5 billion, the prospective lenders are responsible for the decision</li> <li>• Otherwise the Ministry for Economics and Finance will assess the request and grant approval</li> <li>• Formal request to the lender, supported by an applicant's self-statement certifying the provided information</li> <li>• Delivery by the lender of applicant's file to SACE</li> <li>• SACE processes applicant's file and either grants guarantee or delivers file to MEF, which decides on issuance of SACE guarantee</li> </ul>

## SPAIN

<b>Royal Decree-Law 8/2020, Resolution of the Council of Ministers dated March 24, 2020, Royal Decree-Law 15/2020</b>	
<b>Amount of Funds Available</b>	<ul style="list-style-type: none"> <li>• €100 billion State Guarantee Scheme securing loans and promissory notes. The Scheme will be in place until December 31, 2020</li> <li>• Non-SME companies may benefit from State guarantees in the combined amount of €20 billion under the First Tranche (approved on March 24) and the Third Tranche (approved on May 5)</li> <li>• Also, €400 million Tranche approved on May 5 to secure promissory notes issued by companies with a notes program admitted at the Fixed Income Market ("<i>Mercado de Renta Fija</i>" or "<i>MARF</i>") as of May 5, 2020, may request</li> </ul>
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>• Applicant must not be in default as of December 31, 2019, according to the files of Bank of Spain's Risks Information Centre ("<i>CIRBE</i>") as of such date</li> <li>• Applicant may not be in an insolvency proceeding as of March 17, 2020</li> <li>• For loans over €1.5 million, the applicant must not have been "in difficulty" as of December 31, 2019, pursuant to EU Regulation n. 651/2014</li> <li>• Subsidiaries with registered offices but not branches of foreign companies are eligible</li> </ul>
<b>Application Requirements</b>	<ul style="list-style-type: none"> <li>• Applicant must have subscribed for loans and/or transactions or refinanced any loan/ transaction since March 18, 2020</li> <li>• For transactions exceeding €50 million, the <i>Instituto de Crédito Oficial</i> ("<i>ICO</i>") needs to first conduct an analysis of the applicable eligibility requirements in addition to any analysis from the corresponding financial entity</li> </ul>
<b>Process</b>	<ul style="list-style-type: none"> <li>• Applicant must contact any of the financial entities that have executed the corresponding framework agreements with ICO</li> <li>• They will decide on the grant in accordance with their internal procedures and lending and risk policies</li> <li>• ICO is responsible for administering the applications in collaboration with the relevant financial institutions</li> <li>• Guarantees securing promissory notes will be coordinated by <i>Bolsas y Mercados Españoles</i> as governing body of <i>MARF</i>, in collaboration with ICO</li> </ul>

## THE NETHERLANDS

GO-scheme (“GO regeling”), GO-C (“GO Corona”), Growth Facility Scheme	
<b>Amount of Funds Available</b>	<ul style="list-style-type: none"> <li>• €1.5 billion guarantees for bank loans and bank guarantees by GO-scheme</li> <li>• Under GO-C, the budget is increased to €10 billion. GO-C has not yet entered into force (approval by European Commission pending)</li> <li>• €45 million guarantees for providers of venture capital</li> </ul>
<b>Eligibility</b>	<p><b>For Both:</b></p> <ul style="list-style-type: none"> <li>• Applicant has to be “financially healthy”</li> <li>• Applicant needs to have “satisfactory profitability and continuity prospects”</li> <li>• Applicant may not have made excessive capital withdrawals in the preceding 12 months</li> <li>• Subsidiaries and branches of foreign companies are not eligible</li> </ul> <p><b>For GO-scheme Also:</b></p> <ul style="list-style-type: none"> <li>• Applicant has to be affected by COVID-19</li> <li>• Applicant has to carry out “substantial activities” in Netherlands</li> <li>• Applicants that do not experience difficulties in obtaining bank loans and guarantees are exempted</li> </ul>
<b>Application Requirements</b>	<ul style="list-style-type: none"> <li>• All applications for both schemes are filed by the accredited lenders. Applicants therefore need to apply to these accredited lenders</li> </ul>
<b>Process</b>	<ul style="list-style-type: none"> <li>• The Netherlands Enterprise Agency (“RVO”) is the responsible governmental agency for both schemes</li> </ul>

## UNITED KINGDOM

COVID-19 Corporate Financing Facility (“CCFF”), Coronavirus Large Business Interruption Loan Scheme (“CLBILS”)	
<b>Amount of Funds Available</b>	<p><b>CCFF:</b></p> <ul style="list-style-type: none"> <li>• For A1/P1/F1/R1 rated applicant: up to £1 billion</li> <li>• For A2/P2/F2/R2 rated applicant: up to £600 million</li> <li>• For A3/P3/F3/R3 rated applicant: up to £300 million</li> </ul> <p><b>CLBILS:</b></p> <ul style="list-style-type: none"> <li>• For applicants with a group turnover of up to £250 million, up to £25 million</li> <li>• For applicants with a group turnover of greater than £250 million, up to £200 million (details TBC on May 26, 2020)</li> <li>• To be eligible, at least 50% of applicant turnover needs to derive from trading activities</li> </ul>
<b>Eligibility</b>	<p><b>CCFF:</b></p> <ul style="list-style-type: none"> <li>• Applicant must: (i) “make a material contribution to economic activity in the UK”; (ii) not be (partially) publicly owned; (iii) not be a financial company; and (iv) have a short-term credit rating no lower than A-3 / P-3 / F-3 / R3 as of March 1, 2020, or equivalent financial strength</li> <li>• Subsidiaries of foreign companies are eligible provided they have a “genuine business” in the United Kingdom</li> </ul> <p><b>CLBILS:</b></p> <ul style="list-style-type: none"> <li>• Applicant does not meet a lender’s normal lending requirements for a fully commercial loan or other facility (and has not utilized the CCFF), but is considered a viable business in the longer term</li> <li>• Credit institutions, insurance and reinsurance companies, and public sector bodies are excluded</li> </ul>
<b>Process</b>	<p><b>CCFF:</b></p> <ul style="list-style-type: none"> <li>• Applicant should contact his/her bank directly to discuss eligibility</li> <li>• After this, applicant should complete all necessary documentation and send it via email to the Bank of England</li> </ul> <p><b>CLBILS:</b></p> <ul style="list-style-type: none"> <li>• Application has to be made to the accredited lender directly</li> </ul>

## JONES DAY TEAM

### Amsterdam

**Anna Zwolve**

Financial Markets

+31.20.305.4261

[azwolve@jonesday.com](mailto:azwolve@jonesday.com)**Allard Carli**

Financial Markets

+31.20.305.4275

[allardcarli@jonesday.com](mailto:allardcarli@jonesday.com)

### Brussels

**Jonas Van den Bossche**

M&amp;A

+32.2.645.14.12

[jvandenbossche@jonesday.com](mailto:jvandenbossche@jonesday.com)**Thibault De Boulle**

Financial Markets

+32.2.645.14.25

[tdeboulle@jonesday.com](mailto:tdeboulle@jonesday.com)

### Frankfurt

**Michael R. Fischer**

Financial Markets

+49.69.9726.3939

[mfischer@jonesday.com](mailto:mfischer@jonesday.com)**Karsten Müller-Eising**

Financial Markets

+49.69.9726.3939

[kmuellereising@jonesday.com](mailto:kmuellereising@jonesday.com)

### London

**Luke D. Johnson**

Financial markets

+44.20.7039.5268

[ljohnson@jonesday.com](mailto:ljohnson@jonesday.com)**Ewen J. Scott**

Financial Markets

+44.20.7039.5501

[escott@jonesday.com](mailto:escott@jonesday.com)**Lee Federman**

Financial Markets

+44.20.7039.5928

[lfederman@jonesday.com](mailto:lfederman@jonesday.com)

### Madrid

**Javier López Antón**

Financial Markets

+34.91.520.3939

[jlopezanton@jonesday.com](mailto:jlopezanton@jonesday.com)**Luis Jiménez-Díaz**

Real Estate

+34.91.520.3915

[ljimenezdiaz@jonesday.com](mailto:ljimenezdiaz@jonesday.com)**Iván Martín-Barbón**

Financial Markets

+34.91.520.3939

[imartinbarbon@jonesday.com](mailto:imartinbarbon@jonesday.com)

### Milan

**Francesco Squerzoni**

Financial Markets

+39.02.7645.4001

[fsquerzoni@jonesday.com](mailto:fsquerzoni@jonesday.com)**Stefano Crosio**

M&amp;A

+39.02.7645.4001

[scrosio@jonesday.com](mailto:scrosio@jonesday.com)**Andrea Cantarelli**

Financial Markets

+39.02.7645.4001

[acantarelli@jonesday.com](mailto:acantarelli@jonesday.com)

### Paris

**Isabelle Maury**

Financial Markets

+33.1.56.59.39.87

[imaury@jonesday.com](mailto:imaury@jonesday.com)**Philippe Goutay**

Financial Markets

+33.1.56.59.39.39

[pgoutay@jonesday.com](mailto:pgoutay@jonesday.com)

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