Suppliment tal-Gazzetta tal-Gvern ta' Malta, Nru. 20,440, 14 ta' Ġunju, 2020
Taqsima A

MALTA

ATT Nru XXXIV tal-2020

ATT maħruġ b'liġi mill-Parlament ta' Malta.

ATT sabiex jawtorizza, jirregolarizza u joħroġ garanziji lill-Kummissjoni Ewropea f'każijiet speċifiċi u sabiex jipprovdi dwar affarijiet anċillari jew inċidentali għalihom.

ACT No. XXXIV of 2020

AN ACT enacted by the Parliament of Malta.

AN ACT to authorise, regularise and to issue guarantees to the European Commission in specific cases and to provide for matters ancillary and incidental thereto.

VERŻJONI ELETTRONIKA

Nagħti l-kunsens tiegħi.

(L.S.) **GEORGE VELLA**
President

14 ta' Lulju, 2020

ATT Nru XXXIV tal-2020

ATT sabiex jawtorizza, jirregolarizza u joħroġ garanziji lill-Kummissjoni Ewropea f'każijiet speċifiċi u sabiex jipprovdi dwar affarijiet anċillari jew inċidentali għalihom.

IL-PRESIDENT, bil-parir u l-kunsens tal-Kamra tad-Deputati, imlaqqgħa f'dan il-Parlament, u bl-awtorità tal-istess, ħareġ b'liġi dan li ġej:-

1. It-titolu fil-qosor ta' dan l-Att hu l-Att tal-2020 dwar Garanziji lill-Kummissjoni Ewropea. Titolu fil-qosor.

2. F'dan l-Att, kemm-il darba r-rabta tal-kliem ma teħtieġx xort' oħra: Tifsir.

"Ftehim ta' Garanzija" tfisser il-Ftehim ta' Garanzija Volontarja li jista' jsir skont tal-Artikolu 11 tar-Regolament tal-Kunsill (UE) 2020/672 tad-19 ta' Mejju 2020 dwar l-istabbiliment ta' Strument Ewropew għal appoġġ temporanju biex jittaffew ir-riskji ta' qgħad f'emerġenza (SURE) wara li faqqgħet il-COVID-19, riprodott fit-Tieni Skeda;

"Strument" tfisser l-istrument Ewropew għal appoġġ temporanju biex jittaffew ir-riskji ta' qgħad f'emerġenza (SURE) stabbilit permezz tar-Regolament tal-Kunsill (UE) 2020/672 tad-19 ta' Mejju 2020 dwar l-istabbiliment ta' Strument Ewropew għal appoġġ temporanju biex jittaffew ir-riskji ta' qgħad f'emerġenza (SURE) wara li faqqgħet il-COVID-19, riprodott fl-Ewwel Skeda;

"Malta" għandu jkollha l-istess tifsira kif mogħtija lilha bl-artikolu 124 tal-Kostituzzjoni ta' Malta;

"Ministru" tfisser il-Ministru responsabbli għall-finanzi.

Awtorità biex jinħarġu garanziji.

3. Soġġett għad-dispożizzjonijiet ta' dan l-Att, il-Gvern ta' Malta jista' joħroġ garanziji bla ebda kundizzjoni, irrevokabbli u fuq talba lill-Unjoni Ewropea billi jidħol fi Ftehim ta' Garanzija Volontarja mal-Kummissjoni Ewropea skont l-Artikolu 11 tar-Regolament tal-Kunsill (UE) 2020/672 tad-19 ta' Mejju 2020 dwar l-istabbiliment ta' Strument Ewropew għal appoġġ temporanju biex jittaffew ir-riskji ta' qgħad f'emerġenza (SURE) wara li faqqgħet il-COVID-19 sabiex jippermetti lil Malta tikkontribwixxi għall-Istrument.

Mekkaniżmu għal ħruġ ta' garanziji.

4. (1) Kwalunkwe garanzija maħruġa skont l-artikolu 3 għandha tkun soġġetta għat-termini inkorporati fil-Ftehim ta' Garanzija Volontarja:

Iżda l-garanzija maħruġa mill-Gvern ta' Malta ma għandhiex teċċedi l-ammont aggregat ta' tlieta u għoxrin miljun, erbgħa u erbgħin elf mitejn u ħamsin euro (€23,044,250).

(2) Kwalunkwe garanzija maħruġa mill-Gvern ta' Malta fir-rigward tal-Istrument lil hinn mill-għan speċifikat taħt is-subartikolu (1) tista' ssir biss f'dik il-manjiera u għal dak il-għan li l-Kamra tista' tiddetermina b'riżoluzzjoni.

Lingwa.

5. L-Annessi li jinsabu ma' dan l-Att jistgħu jsiru bil-lingwa Ingliża biss.

L-EWWEL SKEDA

COUNCIL REGULATION (EU) 2020/672 of 19 May 2020 on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular

Article 122 thereof, Having regard to the proposal from the European Commission, Whereas:

(1) Article 122(1) of the Treaty on the Functioning of the European Union (TFEU) allows the Council to decide, on a proposal from the Commission and in a spirit of solidarity between Member States, upon the measures appropriate to respond to the socio-economic situation following the COVID-19 outbreak.

(2) Article 122(2) TFEU enables the Council to grant Union financial assistance to a Member State that is in difficulties or is seriously threatened with severe difficulties caused by exceptional occurrences beyond its control.

(3) The severe acute respiratory syndrome coronavirus-2 (SARS-CoV-2), which causes the coronavirus disease named COVID-19 by the World Health Organization (WHO), is a new strain of coronavirus not previously identified in humans. The global outbreak of that disease is evolving rapidly and has been declared a pandemic by the WHO. From the beginning of the COVID-19 outbreak in the Union up until 30 March 2020, 334 396 cases and 22 209 deaths were reported in the Member States.

(4) Member States have implemented extraordinary measures to contain the COVID-19 outbreak and its impact. The probability of further transmission of COVID-19 in the Union is considered high. In addition to public health impacts with substantial fatal outcomes, the COVID-19 outbreak has had a massive and disruptive impact on the economic systems of the Member States, caused societal disruptions and increased public expenditure in a growing number of Member States.

(5) That exceptional situation, which is beyond the control of the Member States and which has immobilised a substantial part of their labour force, has led to a sudden and severe increase in public

expenditure by the Member States on short-time work schemes for employees and similar measures, in particular for the self-employed, as well as expenditure on some health-related measures, in particular in the workplace. In order to maintain the strong focus of the instrument provided for in this Regulation and thereby its effectiveness, health-related measures for the purpose of that instrument may consist of those aiming at reducing occupational hazards and ensuring the protection of workers and the self-employed in the workplace, and, where appropriate, some other health-related measures. It is necessary to facilitate efforts by the Member States to address the sudden and severe increase in public expenditure until the COVID-19 outbreak and its impact on their labour force are under control.

(6) The creation of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) (the 'Instrument') following the COVID-19 outbreak should enable the Union to respond to the crisis in the labour market in a coordinated, rapid and effective manner and in a spirit of solidarity among Member States, thereby alleviating the impact on employment for individuals and the most affected economic sectors and mitigating the direct effects of this exceptional situation on public expenditure by the Member States.

(7) Article 220(1) of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council * states that financial assistance by the Union to Member States can take the form of a loan. Such loans should be granted to Member States where the COVID-19 outbreak has led to a sudden and severe increase, as from 1 February 2020, in actual and possibly also planned public expenditure due to national measures. That date ensures equal treatment for all Member States and allows for coverage of their actual and possibly also planned increases in spending relating to the effects on the labour markets of the Member States, irrespective of when the COVID-19 outbreak occurred in each specific Member State. The national measures, which are understood to be in line with the relevant fundamental rights principles, should be directly related to the creation or extension of short-time work schemes and to similar measures, including measures for self-employed persons, or to some health-

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* Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) No 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 (OJ L 193, 30.7.2018, p. 1).

related measures. Short- time work schemes are public programmes that in certain circumstances allow businesses experiencing economic difficulties to temporarily reduce the hours worked by their employees, who are provided with public income support for the hours not worked.

Similar schemes exist for income replacement for the self-employed. The Member State requesting financial assistance should provide evidence of a sudden and severe increase in actual and possibly also planned public expenditure for short-time work schemes or similar measures. If financial assistance is granted for health-related measures, the Member State requesting financial assistance should also provide evidence of actual or planned expenditure related to the relevant health-related measures.

(8) In order to provide the affected Member States with sufficient financial means under favourable terms to enable them to deal with the impact of the COVID-19 outbreak on their labour market, the Union's borrowing and lending operations under the Instrument should be sufficiently large. The financial assistance granted by the Union in the form of loans should therefore be financed by recourse to international capital markets.

(9) The COVID-19 outbreak has had a massive and disruptive impact on the economic system of each Member State. It therefore calls for collective contributions by Member States in the form of guarantees supporting the loans from the Union budget. Such guarantees are necessary to enable the Union to grant loans of a sufficient order of magnitude to Member States in order to support labour market policies which are under the greatest strain. To ensure that the contingent liability arising from such loans is compatible with the applicable multiannual financial framework ('MFF') and own-resources ceilings, the guarantees provided by the Member States should be irrevocable, unconditional and on demand, while additional safeguards should enhance the robustness of the system. In line with the complementary role of such guarantees, and without prejudice to their irrevocable, unconditional and on- demand nature, the Commission is expected, before calling on the guarantees provided by Member States, to draw on the margin available under the own-resources ceiling for payment appropriations to the extent that it is deemed sustainable by the Commission, having regard, inter alia, to the total contingent liabilities of the Union, including under the balance of payments facility established by Council Regulation (EC) No 332/2002 [*]. In the relevant call on guarantees, the Commission should inform the Member States about the extent to which the available margin has been drawn. The need for guarantees provided by Member States may be reviewed if an agreement on a revised own-

resources ceiling is reached.

(10) The additional safeguards to enhance the robustness of the system should consist of conservative financial management, a maximum annual exposure and sufficient diversification of the loan portfolio.

(11) The loans granted under the Instrument should constitute financial assistance within the meaning of Article 220 of Regulation (EU, Euratom) 2018/1046. In accordance with point (g) of Article 282(3) of that Regulation, Article 220 of that Regulation will apply to the loans granted under the Instrument only as from the date of application of the post-2020 MFF. However, it is appropriate that the requirements set out in Article 220(5) of Regulation (EU, Euratom) 2018/1046 apply to the borrowing and lending operations under the Instrument as of the entry into force of this Regulation.

(12) In order to make the contingent liability arising from loans granted under the Instrument compatible with the applicable MFF and own-resources ceilings, it is necessary to lay down prudential rules, including on the possibility of rolling over the borrowings contracted on behalf of the Union.

(13) Given their particular financial implications, decisions to grant financial assistance pursuant to this Regulation require the exercise of implementing powers, which should be conferred on the Council. When deciding upon the amount of a loan, the Council, on a proposal from the Commission, should consider the existing and expected needs of the requesting Member State, as well as requests for financial assistance pursuant to this Regulation already submitted or planned to be submitted by other Member States, having regard to the principles of equal treatment, solidarity, proportionality and transparency, and in a manner that fully respects the competence of the Member States.

(14) Article 143(1) of the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community (the 'Withdrawal Agreement') limits the liability of the United Kingdom for its share of the contingent financial liabilities of the Union to those contingent financial *liabilities of the Union arising from financial operations taken by the Union before the date of entry into force of the

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* Council Regulation (EC) No 332/2002 of 18 February 2002 establishing a facility providing medium-term financial assistance for Member States' balances of payments (OJ L 53, 23.2.2002, p. 1).

* OJ L 29, 31.1.2020, p. 7.

Withdrawal Agreement. Any contingent financial liability of the Union arising from financial assistance under this Regulation would be subsequent to the date of entry into force of the Withdrawal Agreement. Therefore, the United Kingdom should not participate in the financial assistance under this Regulation.

(15) As the Instrument is of a temporary nature in order to address the COVID-19 outbreak, the Commission should assess every six months whether the exceptional circumstances causing the severe economic disturbances in Member States still exist and report to the Council. Consistently with the legal basis for the adoption of this Regulation, no financial assistance should be made available under this Regulation once the COVID-19 emergency has passed. To that end, it is appropriate to limit the availability of the Instrument in time. The Council should be empowered, on a proposal from the Commission, to extend the period of availability of the Instrument where the exceptional occurrences that justify the application of this Regulation continue to exist.

(16) The European Central Bank delivered its opinion on 8 May 2020.

(17) Given the impact of the COVID-19 outbreak and the need for an urgent response to the consequences of that outbreak, this Regulation should enter into force on the date of its publication in the *Official Journal of the European Union*,

HAS ADOPTED THIS REGULATION:

Article 1
Subject matter and scope

1. In order to address the impact of the COVID-19 outbreak and respond to its socio-economic consequences, this Regulation establishes the European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) (the ‘Instrument’).

2. This Regulation lays down the conditions and procedures enabling the Union to provide financial assistance to a Member State which is experiencing, or is seriously threatened with, a severe economic disturbance caused by the COVID-19 outbreak for the financing, primarily, of short-time work schemes or similar measures aimed at protecting employees and the self-employed and thus reducing the incidence of unemployment and loss of income, as well as for the financing, as an ancillary, of some health-related measures, in particular in the workplace.

Article 2
Complementary nature of the Instrument

The Instrument shall complement the national measures taken by affected Member States by providing financial assistance to help those Member States cope with the sudden and severe increase in actual and possibly also planned public expenditure intended to mitigate the direct economic, social and health-related effects of the exceptional occurrence caused by the COVID-19 outbreak.

Article 3
Conditions for using the Instrument

1. A Member State may request Union financial assistance under the Instrument (‘financial assistance’) where its actual and possibly also planned public expenditure has suddenly and severely increased as of 1 February 2020 due to national measures directly related to short-time work schemes and similar measures to address the socio-economic effects of the exceptional occurrence caused by the COVID-19 outbreak.

2. Beneficiary Member States shall use financial assistance primarily in support of their national short-time work schemes or similar measures, and, where applicable, in support of relevant health-related measures.

Article 4
Form of financial assistance

The financial assistance shall take the form of a loan granted by the Union to the Member State concerned. To that end, and in accordance with a Council implementing decision adopted pursuant to Article 6(1), the Commission shall be empowered to borrow on the capital markets or with financial institutions on behalf of the Union at the most appropriate time so as to optimise the cost of funding and preserve its reputation as the Union’s issuer in the markets.

Article 5
Maximum amount of financial assistance

The maximum amount of financial assistance shall not exceed EUR 100 000 000 000 for all Member States.

Article 6
Procedure for requesting financial assistance

1. Financial assistance shall be made available by means of a Council implementing decision adopted on the basis of a proposal from the Commission.

2. Before submitting a proposal to the Council, the Commission shall consult the Member State concerned without undue delay to verify the sudden and severe increase in actual and possibly also planned public expenditure directly related to short-time work schemes and similar measures, as well as, where appropriate, to relevant health-related measures, in the Member State requesting financial assistance which are linked to the exceptional occurrence caused by the COVID-19 outbreak. To that end, the Member State concerned shall provide the Commission with appropriate evidence. In addition, the Commission shall verify compliance with the prudential rules laid down in Article 9.

3. The Council implementing decision referred to in paragraph 1 shall contain:

(a) the amount of the loan, its maximum average maturity, its pricing formula, its maximum number of instalments, its availability period and the other detailed rules needed for the granting of the financial assistance;

(b) an assessment of the compliance by the Member State with the conditions set out in Article 3; and

(c) a description of the national short-time work schemes or similar measures, as well as, where appropriate, of the relevant health-related measures, that may be financed.

4. When adopting an implementing decision as referred to in paragraph 1, the Council shall consider existing and expected needs of the requesting Member State, as well as requests for financial assistance pursuant to this Regulation already submitted or planned to be submitted by other Member States, while applying the principles of equal treatment, solidarity, proportionality and transparency.

Article 7
Disbursement of the loan granted under the Instrument

The loan granted under the Instrument (‘loan’) shall be disbursed in instalments.

Article 8
Borrowing and lending operations

1. The borrowing and lending operations under the Instrument shall be carried out in euros.

2. The characteristics of the loan shall be agreed in a loan agreement between the beneficiary Member State and the Commission (the 'loan agreement'). Such agreements shall contain the provisions set out in Article 220(5) of Regulation (EU, Euratom) 2018/1046.

3. At the request of the beneficiary Member State and where circumstances permit an improvement in the interest rate on the loan, the Commission may refinance all or part of its initial borrowing or restructure the corresponding financial conditions.

4. The Economic and Financial Committee shall be kept informed of a refinancing or restructuring as referred to in paragraph 3.

Article 9
Prudential rules applicable to the portfolio of loans

1. The share of loans granted to the three Member States representing the largest share of the loans granted shall not exceed 60 per cent of the maximum amount referred to in Article 5.

2. The amounts due by the Union in a given year shall not exceed 10 per cent of the maximum amount referred to in Article 5.

3. Where necessary, the Commission may roll over the associated borrowings contracted on behalf of the Union.

Article 10
Administration of the loans

1. The Commission shall establish the necessary arrangements for the administration of the loans with the European Central Bank.

2. The beneficiary Member State shall open a special account with its national central bank for the management of the financial assistance received. It shall also transfer the principal and the interest due under the loan agreement to an account with the European System of Central Banks 20 TARGET2 business days prior to the corresponding due date.

Article 11
Contributions to the Instrument in the form of guarantees from Member States

1. Member States may contribute to the Instrument by counter-guaranteeing the risk borne by the Union.

2. Contributions from Member States shall be provided in the form of irrevocable, unconditional and on-demand guarantees.

3. The Commission shall conclude an agreement with a contributing Member State on the irrevocable, unconditional and on-demand guarantees referred to in paragraph 2. Such agreements shall set out the payment conditions.

4. Calls on guarantees provided by Member States shall be made pro rata to the relative share of each Member State in the gross national income of the Union as referred to in Article 12(1). Where a Member State fails, in full or in part, to honour a call in time, the Commission, in order to cover for the part corresponding to the Member State concerned, shall have the right to make additional calls on guarantees to other Member States. Such calls shall be made pro rata to the relative share of each of the other Member States in the gross national income of the Union as referred to in Article 12(1) and adapted without taking into account the relative share of the Member State concerned. The Member State which failed to honour the call shall remain liable to honour it. The other Member States shall be reimbursed for additional contributions from the amounts recovered by the Commission from the Member State concerned. The guarantee called from a Member State shall be limited, in all circumstances, by the overall amount of guarantee contributed by that Member State under the agreement referred to in paragraph 3.

5. Before calling on guarantees provided by the Member States, the Commission, at its sole discretion and responsibility as the Union institution entrusted with the implementation of the general budget of the Union in accordance with Article 317 TFEU, is expected to examine the scope for drawing on the margin available under the own-resources ceiling for payment appropriations to the extent that it is deemed sustainable by the Commission, having regard, inter alia, to the total contingent liabilities of the Union, including under the balance of payments facility established by Regulation (EC) No 332/2002, and the sustainability of the general budget of the Union. Such examination shall not affect the irrevocable, unconditional and on-demand nature of the guarantees provided pursuant to paragraph 2. In the call on guarantees, the Commission shall inform the Member States about the extent to which the margin has been drawn.

6. Amounts resulting from calls on guarantees referred to in paragraph 2 shall constitute external assigned revenue for the Instrument in accordance with Article 21(5) of Regulation (EU, Euratom) 2018/1046.

Article 12
Availability of the Instrument

1. The Instrument shall only become available after all Member States have contributed to the Instrument in accordance with Article 11 for an amount representing at least 25 per cent of the maximum amount referred to in Article 5, provided that the relative shares of contributions of each Member State of the overall amount of Member States' contributions correspond to the relative shares of Member States in the total gross national income of the Union, as resulting from column (1) of Table 3 of Part A ('Introduction and financing of the general budget') of the revenue part of the budget for 2020 set out in the general budget of the Union for the financial year 2020, as adopted on 27 November 2019*.

2. The Commission shall inform the Council when the Instrument becomes available.

3. The period of availability of the Instrument during which a decision referred to in Article 6(1) may be adopted shall end on 31 December 2022.

4. Where the Commission concludes in the report referred to in Article 14 that the severe economic disturbance caused by the COVID-19 outbreak affecting the financing of measures referred to in Article 1 continues to exist, the Council, on a proposal from the Commission, may decide to extend the period of availability of the Instrument, each time for an additional period of six months.

Article 13
Control and audits

1. The loan agreement shall contain the necessary provisions regarding controls and audits as required by Article 220(5) of Regulation (EU, Euratom) 2018/1046.

2. Where a request for financial assistance submitted in accordance with Article 3(1) is, fully or in part, based on planned public expenditure, the beneficiary Member State shall, every six months, inform the Commission about the implementation of such

* Definitive adoption (EU, Euratom) 2020/227 of the European Union's general budget for the financial year 2020 (OJ L 57, 27.2.2020, p. 1).

planned public expenditure.

Article 14
Reporting

1. Within six months of the day on which the Instrument becomes available in accordance with Article 12 and every six months thereafter in the context of Article 250 of Regulation (EU, Euratom) 2018/1046, the Commission shall forward to the European Parliament, the Council, the Economic and Financial Committee and the Employment Committee a report on the use of financial assistance, including outstanding amounts and the applicable repayment schedule under the Instrument, and on the continuation of the exceptional occurrences that justify the application of this Regulation.

2. Where appropriate, the report referred to in paragraph 1 shall be accompanied by a proposal for a Council implementing decision extending the period of availability of the Instrument.

Article 15
Applicability

1. This Regulation shall not be applicable to or in the United Kingdom.

2. References to 'Member States' in this Regulation shall not be understood to include the United Kingdom.

Article 16
Entry into force

This Regulation shall enter into force on the date of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 19 May 2020.

For the Council

The President

G. GRLIĆ RADMAN

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click here to view the Guarantee Agreement

Mgħoddi mill-Kamra tad-Deputati fis-Seduta Nru 354 tat-8 ta' Lulju, 2020.

CLAUDETTE BUTTIGIEG
Deputy Speaker

RAYMOND SCICLUNA
Skrivan tal-Kamra tad-Deputati

THE EUROPEAN COMMISSION

AND

THE REPUBLIC OF MALTA

VOLUNTARY GUARANTEE AGREEMENT PURSUANT TO ARTICLE 11 OF COUNCIL REGULATION (EU) 2020/672

SURE – EUROPEAN INSTRUMENT FOR TEMPORARY SUPPORT TO MITIGATE UNEMPLOYMENT RISKS IN AN EMERGENCY FOLLOWING THE COVID-19 OUTBREAK

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THIS GUARANTEE AGREEMENT is between

(1) [•], (**"Guarantor"**) one of the Member States of the European Union listed in Schedule 1; and

(2) The European Commission (**"the Commission"**)

Respectively a Party to this agreement.

WHEREAS

(A) Council Regulation (EU) 2020/672 on the establishment of a European instrument for temporary support to mitigate unemployment risks in an emergency (SURE) following the COVID-19 outbreak ("**Council Regulation (EU) 2020/672**") permits the Union, under circumstances contained therein, to make available financial assistance up to a maximum amount of EUR 100 000 000 000 to Member States of the European Union in the form of a loan facility according to a loan agreement ("**Loan Agreement**"). According to Article 6(1) of Council Regulation (EU) 2020/672, such financial assistance is to be made available by means of a Council implementing decision.

(B) Council Regulation (EU) 2020/672 has empowered the Commission on behalf of the Union to borrow on the capital markets and with financial institutions in order to finance the loan facilities ("**Borrowings**").

(C) In the event of a partial or total non-payment under a Loan Agreement, the Union may risk not to have available sufficient resources to fulfil the payment obligations arising from the Borrowings.

(D) Council Regulation (EU) 2020/672 provides that the Member States of the European Union listed in Schedule 1 (together called the "**Guarantors**") may contribute to SURE by counter-guaranteeing the risk borne by the Union and that such contributions shall be provided in the form of irrevocable, unconditional and on-demand guarantees. Article 11(3) of Council Regulation (EU) 2020/672 provides that the Commission is to conclude an agreement with a contributing Member State on the irrevocable, unconditional and on-demand guarantee, and that such agreement is to set out the payment conditions (a "**Guarantee Agreement**").

(E) Article 11(4) of Council Regulation (EU) 2020/672 provides that a Member State who has failed to honour a call shall remain liable to honour it.

(F) Article 12(1) of Council Regulation (EU) 2020/672 provides that financial assistance shall only become available after all Member States have contributed to SURE by means of a Guarantee Agreement.

(G) Each Member State of the European Union remains fully and individually liable for the commitments that it has made in a Loan Agreement or under a Guarantee Agreement.

...

1. GUARANTEE AND INDEMNITY

1.1 Guarantee

The Guarantor hereby unconditionally and irrevocably guarantees to the Union the due and punctual payment on demand of up to 100 per cent of its contribution (the "**Guaranteed Contribution**") and accordingly undertakes to pay to the Union, within ten (10) Business Days (or such shorter period as is specified in this Guarantee Agreement) of receiving a written demand from the Commission in accordance with this Guarantee Agreement (a "**Demand**") up to 100 per cent of its Guaranteed Contribution.

1.2 This Guarantee Agreement is solely related to Borrowings and the associated Loan Agreements that are authorised by a decision adopted by the Council before 31 December 2022 taken under Council Regulation (EU) 2020/672 as originally adopted. Any other Union borrowings on capital markets and with financial institutions and loan agreements shall not give rise to any claim or liability under this Guarantee Agreement.

1.3 Subject to Clause 5.1, the Guaranteed Contribution of the Guarantor is equal to the value set out next to the Guarantor's name in Schedule 1 to this Guarantee Agreement. The Guarantee Contribution Key Percentage of the Guarantor is equal to the percentage set out next to the Guarantor's name in Schedule 2 to this Guarantee Agreement.

1.4 The cumulative total value of any or all Demanded Amounts and Additional Demanded Amounts (as defined by Clauses 1.6 and 1.7 respectively) on the Guarantor may never exceed the Guaranteed Contribution of the Guarantor. The Guarantor shall not be liable to pay an amount in excess of its Guaranteed Contribution.

1.5 The obligations of the Guarantor under this Guarantee Agreement and of other Guarantors under their respective Guarantee Agreements are several only.

1.6 A Demand under this Guarantee may be made by the Commission at any time before or after a scheduled interest payment or a scheduled principal payment or other amount is due (together the "**Amount Due**") under Borrowings, if:

(i) the Union (for whatsoever reason) has not received in full a scheduled payment as and when due under a Loan Agreement from a Member State of the European Union being financed by Borrowings or it is notified by such Member State or becomes aware following an event of default under the Loan Agreement that such Member State will not or will not be able to make payment in full of a scheduled payment under such a Loan Agreement as and when due; and

(ii) an Amount Due is, has been or will be due under Borrowings.

In such an event, the Commission shall at its sole discretion determine an amount to be called from the Guarantors ("**Amount of the Call**"), up to a maximum of the Amount Due, to ensure that the Union has sufficient resources to make the necessary payment. In determining the Amount of the Call, the Commission shall draw any amount, which may be zero, that the Commission considers in its sole discretion, having regard *inter alia* to the total contingent liabilities of the Union (including under the Balance of

...

Payment Facility) and the sustainability of the Union budget, that may be available under the own resources ceiling for payment appropriations.

The Commission shall make Demands on all Guarantors. The Demands shall be pro rata to the relative share of each Guarantor in the Guarantee Contribution Key.

Any Demand shall specify the Amount Due, the extent to which amounts under the own resources ceiling for payment appropriations have been drawn and the Amount of the Call and shall request in writing the Guarantor to transfer an amount equal to its Guarantee Contribution Key Percentage of the Amount of the Call (such amount being the "**Demanded Amount**"), in cleared funds to the account referred to in Clause 1.9. The Demanded Amount shall comply with Clause 1.4. The Guarantor unconditionally and irrevocably guarantees to the Commission the due and punctual payment of the Demanded Amount on demand and the Guarantor shall transfer the Demanded Amount in accordance with the terms of such Demand. The transfer shall occur within ten (10) Business Days.

As per the Loan Agreement, the Member State referred to in Clause 1.6(i) shall within two (2) Business Days of the Demand being made notify to the Commission its ability to meet the Demand.

1.7 In the event that any one or more of the Guarantors does not pay its Demanded Amount or the Member State referred to in Clause 1.6(i) has notified its inability to meet the Demand or has failed to notify its ability (the unpaid amount being the "**Additional Shortfall**"), the Commission shall make a further Demand (or Demands) (such Demand(s) being the "**Additional Demand(s)**") on the other Guarantors to pay their Adjusted Payment Contribution Key Percentage of the Additional Shortfall(s) (the "**Additional Demanded Amount**"). For the purpose of this Clause 1.67, the Adjusted Payment Contribution Key Percentage of a Guarantor means the Guarantee Contribution Key Percentage of each Guarantor adjusted on a *pro rata pari passu* basis the non-paying Guarantor(s), however, being excluded such that its/their Adjusted Payment Contribution Key Percentage is equal to zero for this purpose such that the aggregate of the Adjusted Payment Contribution Key Percentage of the remainder of the Guarantors is equal to 100 per cent.

The Commission shall make Additional Demands on all Guarantors pro rata to the relative share of each of the other Guarantors in the Guarantee Contribution Key, as adapted so as to not take into account the relative share of the Guarantor having failed to honour its duty.

Any Additional Demand shall specify the Additional Shortfall and shall request in writing the Guarantor to transfer an amount equal to Additional Demanded Amount, in cleared funds to the account referred to in Clause 1.9. The Additional Demanded Amount shall comply with Clause 1.4. The Guarantor unconditionally and irrevocably guarantees to the Commission the due and punctual payment of the Additional Demanded Amount on demand and the Guarantor shall transfer the Additional Demanded Amount in accordance with the terms of such Additional Demand. The transfer shall occur within ten (10) Business Days or such time such that sufficient funds have been paid to the account specified in Clause 1.9 to permit payment in full the Amount Due on the scheduled date of payment or, in the event of such an Additional Demand being made by the Commission after the scheduled date of payment, prior to

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the expiry of the grace period for non-payment of such amount set out in the Borrowings (in each case provided that the Additional Demand is made more than five (5) Business Days prior to the scheduled due date of the required payment, and, if this is not the case, such Additional Demand shall be paid no later than the fifth (5^{th}) Business Day following the date of receipt of such Additional Demand). This Clause 1.7 shall apply cumulatively *mutatis mutandis* if one or more Guarantors do not pay their respective Adjusted Contribution Key Percentage of an Additional Shortfall.

1.8 Following a Demand or Additional Demand, the Commission shall initiate recovery proceedings in respect of the Loan Agreement and, if applicable, the Guarantee Agreement. The Commission shall reimburse the Guarantor from amounts recovered by the Commission in respect of the Loan Agreements or Guarantee Agreements. For amounts recovered following a Demand or an Additional Demand on the Guarantor, the Commission shall by notice request payment details of the Guarantor and upon their receipt reimburse the Guarantor within ten (10) Business Days for any amount provided under the respective Demand or Additional Demand. In the case of a recovery in several instalments, the Guarantor will be reimbursed in proportion to the Guarantor's contribution to the Shortfall or Additional Shortfall. In such a case, priority will be given to repay Additional Demands and only once fully satisfied will Demands be satisfied.

1.9 Payments under this Guarantee Agreement shall be made to the account as identified in each Demand.

1.10 The Guarantor is not entitled to set-off or deduct any amounts owed to it by the Union from any payments due by the Guarantor under this Guarantee Agreement.

2. PRESERVATION OF RIGHTS

2.1 Continuing obligations

The obligations of the Guarantor herein contained shall constitute and be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the Union's obligations under or in respect of any Borrowings and shall continue in full force and effect for so long as and until all sums due from the Union in respect of the Borrowings have been paid, and all other actual or contingent obligations of the Union thereunder or in respect thereof have been satisfied, in full provided that each Guarantor shall only be liable for its Guaranteed Contribution.

2.2 Obligations not discharged

The obligations of the Guarantor herein contained shall not be discharged, impaired or otherwise affected by:

2.2.1 *Indulgence, Waivers or Consents*: time or other indulgence or any waiver or consent being granted or agreed to be granted to the Union or to the Commission in respect of any of its obligations under or in respect of any Borrowings and/or Loan Agreement;

2.2.2 *Amendment*: any amendment, novation, supplement, extension, (whether of maturity or otherwise) or restatement (in each case, however fundamental and of whatsoever nature) or replacement, waiver or release of, any obligation of the Union under or in respect of any Borrowings or any security or other guarantee or indemnity in respect thereof including without limitation any extension of or any increase of the obligations of the Union in respect of any Borrowings or the addition of any new obligations for the Union provided that none of the foregoing shall result in any increase of the Guarantor's liability under this Guarantee Agreement; or

2.3 *Pari passu*

The Guarantor undertakes that its obligations hereunder will at all times rank *pari passu* with all other present and future, direct, unconditional, unsubordinated and unsecured obligations of such Guarantor.

2.4 Subrogation of Guarantor's Rights

Acknowledging that this Guarantee Agreement does not guarantee the repayment of a Loan Agreement, the Guarantor acknowledges that it is not entitled to any rights of subrogation.

3. INFORMATION UNDERTAKINGS

3.1 The Commission shall inform the General Secretariat of the Council of the European Union of the signature of the Guarantee Agreement.

3.2 The Commission shall report to the Guarantors on the outstanding claims under Loan Agreements and liabilities under Borrowings on a quarterly basis.

3.3 The Commission shall immediately notify the Guarantors of becoming aware of any event that may reasonably be expected to result in a call under the Guarantee Agreement.

4. BENEFIT OF THE GUARANTEE AGREEMENT

4.1 Benefit

The Guarantor shall honour this Guarantee Agreement on demand.

4.2 Assignment

The Guarantor shall not be entitled to assign or transfer all or any of their rights, benefits and obligations hereunder.

5. REDUCTION AND EXPIRY OF THE GUARANTEE

5.1 From 31st December 2025, should a Commission report referred to in Clause 3.2 provide that the outstanding liabilities under Borrowings is less than EUR 25 000 000 000, the Guaranteed Contributions from Guarantors shall irrevocably be reduced on a *pro rata pari passu* basis so that the total Guaranteed Contributions from Guarantors is

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equal to the outstanding liabilities under Borrowings. From its date of application, this Clause 5.1 shall apply to each report.

5.2 Subject to Clause 5.3, this Guarantee Agreement shall expire on the date (the "**Expiration Date**") which is the earlier of (i) the date when all Borrowings have been irrevocably paid in full, no further Borrowings may be issued under Council Regulation (EU) 2020/672 and any and all obligations of the Guarantor have been fully and irrevocably paid and (ii) 31st December 2053.

5.3 In the event of any Demand or Additional Demand under this Guarantee Agreement, the obligation of the Commission to reimburse the Guarantor from amounts recovered in line with Clause 1.8 shall continue until there is a reimbursement in full notwithstanding the occurrence of the Expiration Date.

6. INTERPRETATION IN CONFORMITY AND PARTIAL INVALIDITY

All provisions hereof shall be interpreted, in case of doubt, so that they are in conformity with the governing law. If at any time any provision hereof is or becomes illegal, invalid or unenforceable under the governing law, the legality, validity or enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby.

7. NOTICES

7.1 Address for notices

All notices, demands and other communications to the Guarantor hereunder shall be made in writing (by letter or fax or e-mail) and shall be sent to the Guarantor at:

[Guarantor's address]

Fax: +[number]

E-mail: [e-mail]

Attention: [name or department]

With a copy to: European Commission

Fax: +[number]

E-mail: [e-mail]

Attention: [name or department]

or, in relation to the Guarantor, to such other address or fax number or for the attention of such other person or department as the Guarantor has notified to the Commission in the manner prescribed for the giving of notices.

7.2 Effectiveness

Every notice, demand or other communication sent in accordance with Clause 7.1 (*Address for notices*) shall be effective upon actual receipt by the Guarantor; *provided that* any such notice, demand or other communication which would otherwise take effect after 4.00 p.m. on any particular day or on a day which is not a Business Day shall not take effect until 10.00 a.m. on the immediately succeeding Business Day.

8. INTERPRETATION

8.1 Definitions

In this Guarantee Agreement:

"**Business Day**" shall mean a day on which commercial banks and foreign exchange markets are open or required to be open for business in Luxembourg.

8.2 Other agreements

All references in this Guarantee Agreement to an agreement, instrument or other document shall be construed as a reference to that agreement, instrument or other document as the same may be amended, supplemented, restated, extended, replaced or novated from time to time.

9. LAW AND JURISDICTION

9.1 Governing law

This Guarantee Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be construed in accordance with European Union law, supplemented if necessary by the Luxembourgish law.

9.2 Exclusive Jurisdiction

The Court of Justice of the European Union, in accordance with Article 272 of the Treaty on the Functioning of the European Union, shall have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising out of or in connection with this Guarantee Agreement (including a dispute relating to the existence, validity or termination of this Guarantee Agreement or any non-contractual obligation arising out of or in connection with this Guarantee Agreement) or the consequences of its nullity.

All Clauses and terms stipulated herein have been duly noted and approved by [•][in line with •[1]] and the Commission. This Guarantee Agreement shall enter into force upon the date of signature by the last Party.

Done in two originals, one for the Guarantor and for the Commission.

EXECUTED as a guarantee

[1] Reference to national legal base for signature if necessary for the Guarantor Member State.

...

by THE REPUBLIC OF MALTA

Represented by:

[NAME]

[POSITION]

[DATE OF SIGNATURE]

EXECUTED as a guarantee

by the European Commission

Represented by:

[NAME]

[POSITION]

[DATE OF SIGNATURE]

...

SCHEDULE 1
GUARANTEED CONTRIBUTION

Member State	Amount (EUR)
Kingdom of Belgium	838 224 250
Republic of Bulgaria	107 466 500
Czech Republic	374 538 500
Kingdom of Denmark	563 837 750
Federal Republic of Germany	6 383 820 000
Republic of Estonia	48 716 500
Ireland	483 401 250
Hellenic Republic	342 618 750
Kingdom of Spain	2 252 890 750
French Republic	4 406 976 250
Republic of Croatia	95 693 500
Italian Republic	3 183 786 000
Republic of Cyprus	38 114 750
Republic of Latvia	57 070 750
Republic of Lithuania	83 953 500
Grand Duchy of Luxembourg	76 856 750
Hungary	249 596 000
Republic of Malta	23 044 250
Kingdom of the Netherlands	1 441 199 500
Republic of Austria	717 215 750
Republic of Poland	930 103 250
Portuguese Republic	365 571 000
Romania	393 384 250
Republic of Slovenia	88 126 500
Slovak Republic	173 516 250
Republic of Finland	431 740 250
Kingdom of Sweden	848 537 250
Total	25 000 000 000

SCHEDULE 2
GUARANTEE CONTRIBUTION KEY
(the relative shares of Member States in the total Gross National Income of the Union, as resulting from the column (1) of Table 3 of Part A "Introduction and financing of the general budget of the Union", of the revenue part of the budget for 2020 set out in the general budget of the European Union for the financial year 2020, as adopted on 27 November 2019)

Member State	Guarantor's Contribution Key Percentage
Kingdom of Belgium	3.352 897%
Republic of Bulgaria	0.429 866%
Czech Republic	1.498 154%
Kingdom of Denmark	2.255 351%
Federal Republic of Germany	25.535 280%
Republic of Estonia	0.194 866%
Ireland	1.933 605%
Hellenic Republic	1.370 475%
Kingdom of Spain	9.011 563%
French Republic	17.627 905%
Republic of Croatia	0.382 774%
Italian Republic	12.735 144%
Republic of Cyprus	0.152 459%
Republic of Latvia	0.228 283%
Republic of Lithuania	0.335 814%
Grand Duchy of Luxembourg	0.307 427%
Hungary	0.998 384%
Republic of Malta	0.092 177%
Kingdom of the Netherlands	5.764 798%
Republic of Austria	2.868 863%
Republic of Poland	3.720 413%
Portuguese Republic	1.462 284%
Romania	1.573 537%
Republic of Slovenia	0.352 506%
Slovak Republic	0.694 065%
Republic of Finland	1.726 961%
Kingdom of Sweden	3.394 149%
Total	100.000 000%

VERŻJONI ELETTRONIKA

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Ippubblikat mid-Dipartiment tal-Informazzjoni (doi.gov.mt) — Valletta — ***Published by the Department of Information (doi.gov.mt) — Valletta***
Mitbugħ fl-Istamperija tal-Gvern fuq karta FSC — ***Printed at the Government Printing Press on FSC certified paper***

Prezz/*Price*
€1.98