

# Legal and financial status

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## Grant Agreement Preparation (GAP)

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.....it requires administrative effort, so



If you want your proposal is turned into a signed Grant Agreement quickly.....

## Outline of the presentation

### 1. Validation of Legal Entities

- Validation workflow
- Documents for validation
- The **L**egal **E**ntity **A**ppointed **R**epresentative (**LEAR**)

### 2. Financial Validation

- Financial Capacity Assessment
- Bank accounts

### 3. Mutual Insurance Mechanism

- Overview

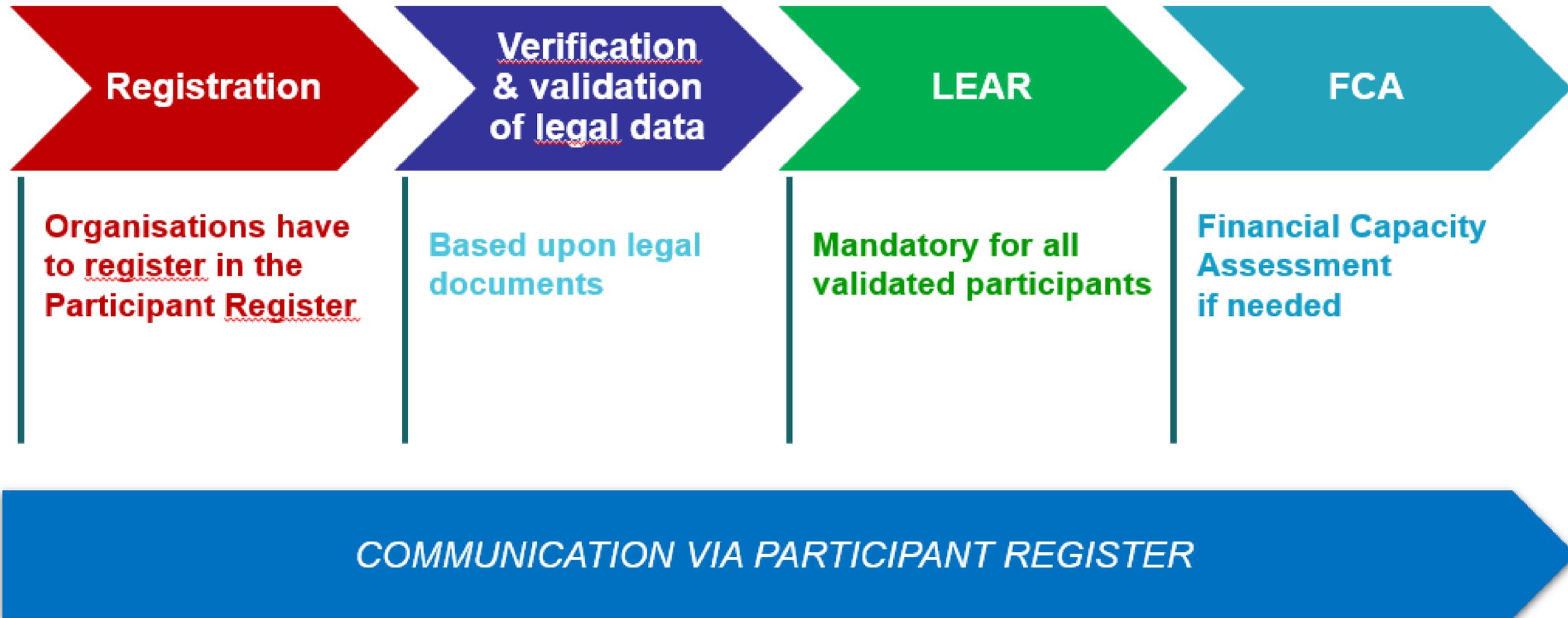
# 1. Validation of Legal Entities

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Validation workflow  
The LEAR

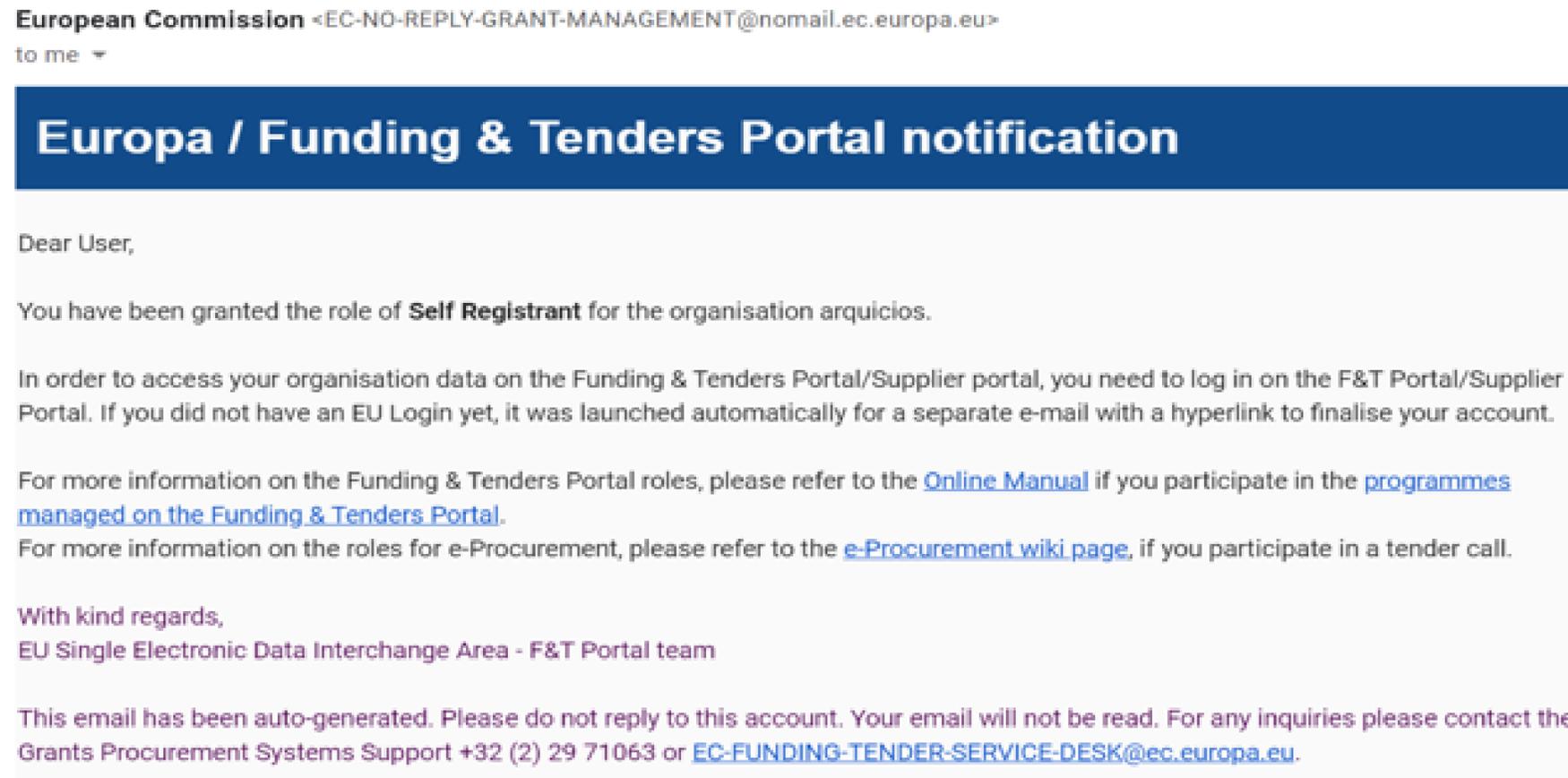


Validation Process Overview



## Communication

- All communication to -and from- participants is exclusively managed through the Participant Register

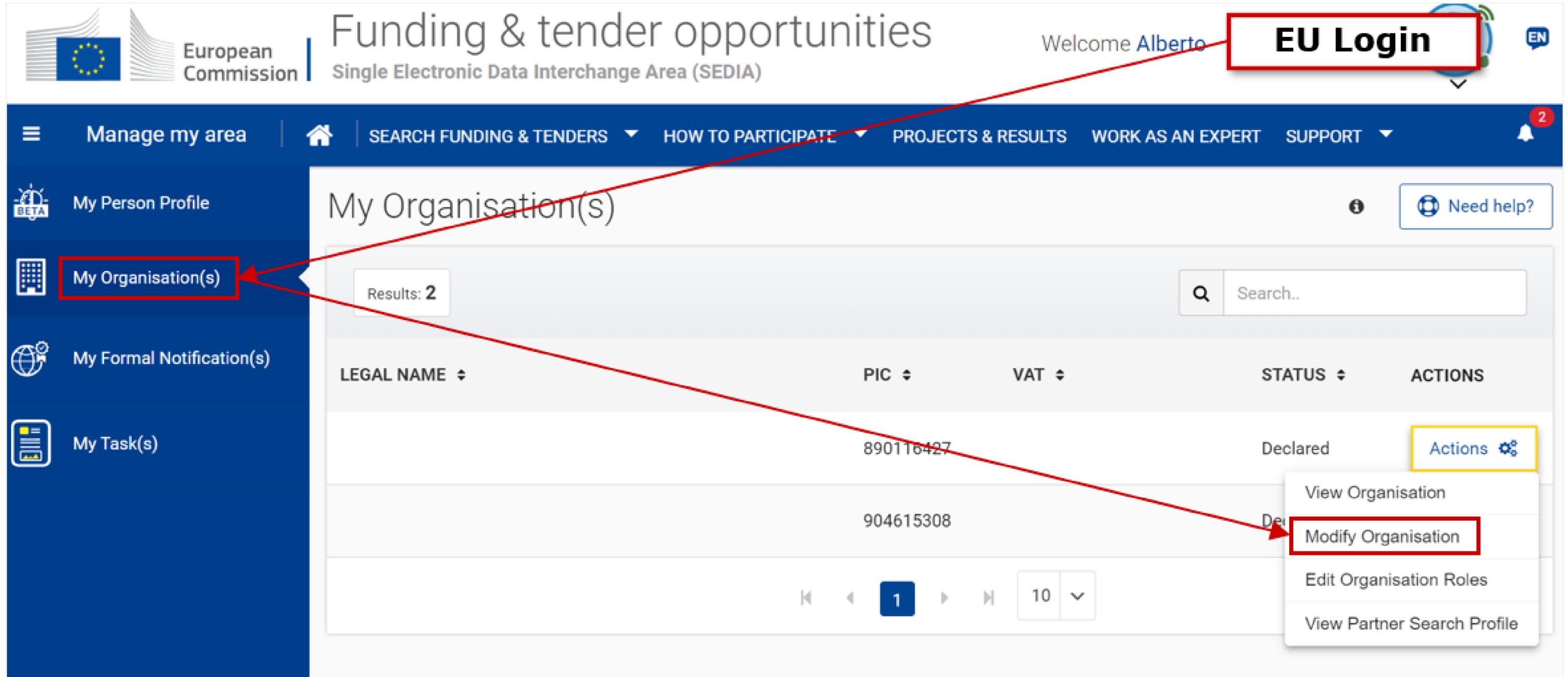


- Messages are notified via e-mail to the contact person (i.e. self-registrant or the appointed LEAR)



## Legal Validation

- Registration data is verified by Validation Service before the signature of the GA
- The legal validation of a participant in the Single Electronic Data Interchange Area (SEDIA) is done once at the very first GA or contract. Then it is reused for any EU funding
- Validation is required for all beneficiaries and affiliated entities
- Validation is always performed on the basis of supporting documents
- .....we need to know who you are



The screenshot shows the 'Funding & tender opportunities' page of the Single Electronic Data Interchange Area (SEDIA). The user is logged in as 'Alberto'. The 'EU Login' button is highlighted with a red box. The 'My Organisation(s)' menu item in the left sidebar is also highlighted with a red box. The 'My Organisation(s)' page displays a table with 2 results. The 'Modify Organisation' option in the dropdown menu is highlighted with a red box.

European Commission | Funding & tender opportunities | Single Electronic Data Interchange Area (SEDIA) | Welcome Alberto | **EU Login**

Manage my area | SEARCH FUNDING & TENDERS | HOW TO PARTICIPATE | PROJECTS & RESULTS | WORK AS AN EXPERT | SUPPORT

My Person Profile | **My Organisation(s)** | My Formal Notification(s) | My Task(s)

My Organisation(s) | Results: 2 | Search..

LEGAL NAME	PIC	VAT	STATUS	ACTIONS
	890116427		Declared	<b>Actions</b>
	904615308		De	

- View Organisation
- Modify Organisation**
- Edit Organisation Roles
- View Partner Search Profile

Organisation Data
Legal Information
Authorised users / LEAR 
Bank Accounts
Financial capacity

Messages
Documents 3
SME

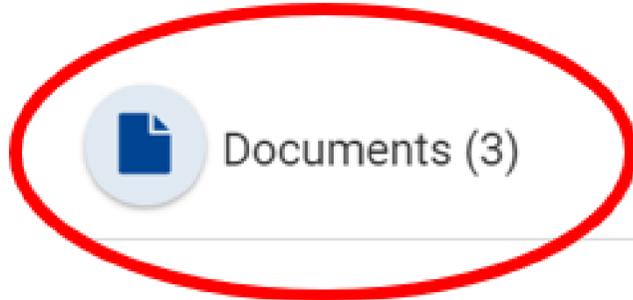
New message

Messages

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Read messages of your organisation and send messages to the EC ValidationServices.

Subject ↕	Message	Context ↕	Date ↕	Actions
PIC No 904615308 - LEAR appointment - Supporting documents	Dear Participant, We understand that you have r...	Other	08/07/2021	<div style="border: 1px solid #007bff; border-radius: 5px; padding: 5px; display: inline-block;"> View</div>
PIC No 904615308 - Validation and LEAR appointment - Supporting documents	Dear Participant, Following the registration of...	Other	08/07/2021	<div style="border: 1px solid #007bff; border-radius: 5px; padding: 5px; display: inline-block;"> View</div>



Read and upload documents of your organisation. Please ensure their quality. Maximum allowed document size is 6Mb. Updates take immediate effect after you have clicked on "Submit for processing"

[+ Add new document](#)

Document type	Upload date	Status	Actions
 REGISTRATION DOCUMENT		REQUESTED	 Upload
 FEL FORM PRIVATE ENTITY		REQUESTED	 Upload
 STATUTES		REQUESTED	 Upload

- ✓ **Legal entity form** ([template](#) to be completed, dated, stamped and signed)
- ✓ **VAT extract** (< 6 months)
  - *If not registered for VAT – proof of VAT exemption*
- ✓ **Registration extract** (< 6 months) – for private law bodies
- ✓ **Law/decreed/decision** – for public law bodies
- ✓ **Treaty** – for international organisations
- ✓ **Statutes** – for non-profit organisations

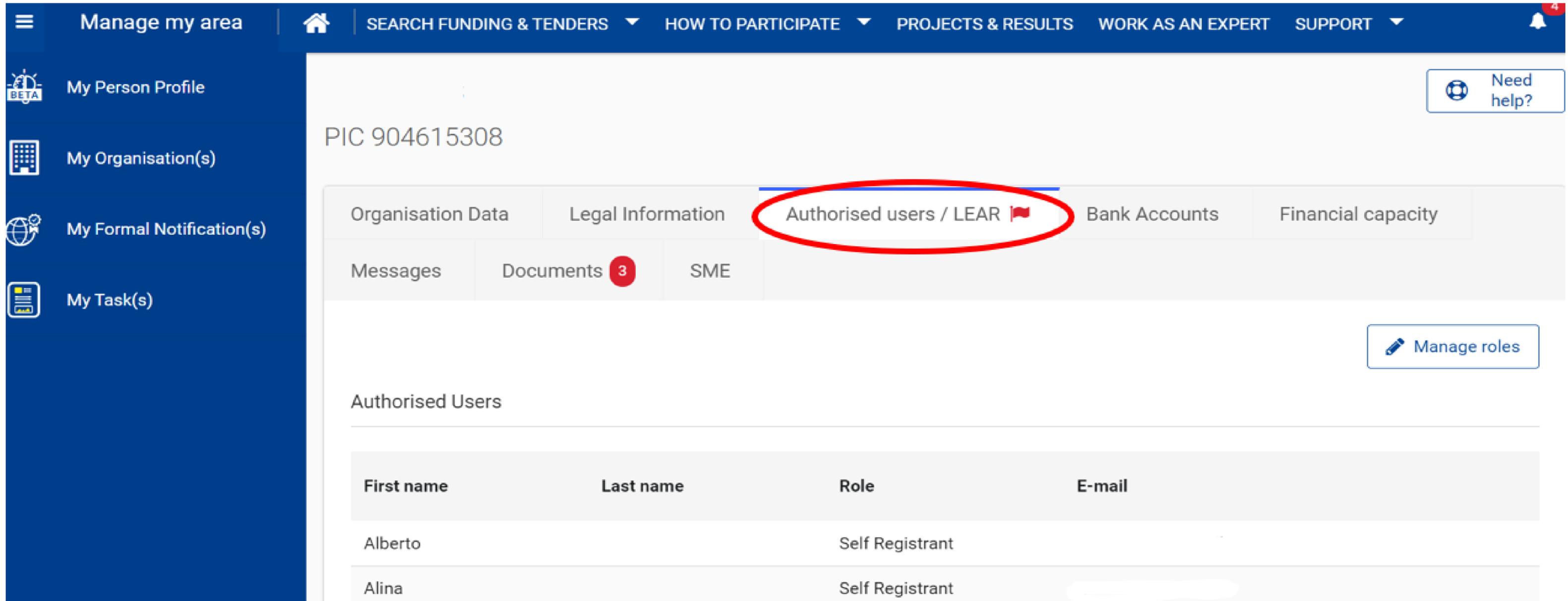
- ✓ **Official:** delivered by official national authorities. They can NOT be replaced by self-declarations or by sworn or solemn statements before a judicial or administrative authorities, notaries or public officers
- ✓ **Uploaded by the participant** (as scanned versions) via the Participant Register
- ✓ **In any of the official EU languages.** Free translation in English is required for non EU languages

The appointment of a Legal Entity Appointed Representative (LEAR) is **mandatory**.  
Without LEAR it is not possible to obtain the grant. Role of the LEAR:

- Notifies the EU of changes in legal data/status;
- Submits documents related to Financial Capacity Assessment if required;
- Nominates/update in the Participant Portal the names of the legal representatives and signatories for the organisation
- Nominates/update in the Participant Portal the persons who may sign financial statements



No LEAR nomination may cause delays in the whole validation process and the signature of the GA, thus give priority to LEAR validation



The screenshot shows a web application interface with a dark blue navigation bar and a sidebar. The main content area displays the user's profile information and a list of authorized users.

**Navigation Bar:** Manage my area | SEARCH FUNDING & TENDERS | HOW TO PARTICIPATE | PROJECTS & RESULTS | WORK AS AN EXPERT | SUPPORT

**Sidebar:** My Person Profile (BETA), My Organisation(s), My Formal Notification(s), My Task(s)

**Profile Information:** PIC 904615308

**Navigation Tabs:** Organisation Data, Legal Information, **Authorized users / LEAR** (circled in red), Bank Accounts, Financial capacity

**Messages and Documents:** Messages, Documents (3), SME

**Buttons:** Need help?, Manage roles

**Authorized Users Table:**

First name	Last name	Role	E-mail
Alberto		Self Registrant	
Alina		Self Registrant	

## LEAR

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Your organisation must now nominate a [Legal Entity Appointed Representative \(Legal Entity Appointed Representative, LEAR\)](#). Click the 'Add LEAR' button to provide the LEAR data and generate the documents to be printed and signed. Once signed, scan them and upload them along with the rest of supporting documents (copies of IDs for the LEAR and the organisation's legal representative appointing it, and the documents substantiating the empowerment of the latter). Once all necessary documents are uploaded, you will be able to 'Send LEAR for validation'. You will need to keep the original signed documents at your premises, in case of future audits or controls.

 Add LEAR

## How to appoint a LEAR



The values to be entered must correspond to the LEAR's [EU Login](#). An automatic check will be made to verify if the LEAR has an EU Login based on the declared values. If the EU Login is not recognised, you will be unable to enter the remaining LEAR data. However, the LEAR will be invited to create his/her account upon your confirmation. If the EU Login exists, you will be able to enter the remaining data required. Please enter the first name and last name exactly as written in the identification document you will provide for validation.

Professional email *	<input type="text" value="Professional email"/>	509
First name *	<input type="text" value="First name"/>	139
Last name *	<input type="text" value="Last name"/>	139

✕ Close

Next



# How to appoint a LEAR

## Legal Representative data



The LEAR must be appointed by the legal representative of the organisation (this could be, for example, the CEO of the company, the [vice]rector of the university..., always in accordance with the statutes of your organisation). Below you can enter his/her name and role and in the documents section (next step) you will be asked to also upload the documents confirming their identity and legal empowerment. Please enter the first name and last name **exactly** as written in the identification document you will provide for validation.

Legal Representative same as the LEAR

Yes     No

Title

Title

40

First name \*

Alina

134

Last name \*

130

120

## Documents

Document Type	Document generated	Description	Scanned and uploaded documents	Status
LEAR Appointment Documents		Official "LEAR appointment letter" to be signed by Legal Representative and "Roles and Duties of LEARs" to be signed by both Legal Representative and LEAR.		
Declaration of consent to the terms of use of the F&T EES		Declaration of consent to the terms of use of the Participant Portal electronic exchange system, signed by the legal representative.		
Legal Representative authorisation		Document(s) proving that the legal representative(s) appointing the LEAR is/are empowered as such, which must clearly indicate the role/function within the organisation as legal representative(s) and identify and appoint a specific person (by indicating his/her personal data) as the person covering that specific role/function		
LEAR identity document		Official valid proof of identity (ID-card, Passport) carrying a photo and signature of the proposed LEAR		

## Access lost to non-valid/valid PICs

- In case the self-registrant left the organisation and no one has access to a non-valid PIC – a new PIC needs to be created and REA CVS informed
- If the LEAR is not available anymore and there are no Account Administrators, a new LEAR needs to be appointed – LEAR recovery procedure

<https://ec.europa.eu/research/participants/urf/lear-recovery/request/>

## 2. Financial Validation

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**Financial Capacity Assessment**  
**Bank Accounts**



### The four steps of the financial capacity assessment

Legal entities subject to a mandatory verification of their financial capacity are identified

These Legal entities provide – if not already available – their financial information and relevant supporting documents covering the last closed financial year; the information is then verified by the validation services

Validation services proceed with financial analysis and provide with ratios

On the basis of the above, Clean Hydrogen JU takes the appropriate decisions and measures

## Legal entities subject to financial capacity assessment

### Financial Capacity Assessment for:

- Coordinators **AND ONLY IF** the requested funding for the action is  $\geq$  EUR 500,000
- **Exemptions:** Public bodies, international organisations and some natural persons.

 However! FCA if there are grounds to doubt the financial capacity of one applicant (e.g. indication of weak financial capacity from other sources, involvement in cases of serious administrative errors or fraud, due recovery orders, etc)

If the FCA must be checked, the entity will be contacted by Validation Service via its PIC account in the Participant Register

PIC 890116427

Organisation Data	Legal Information	Authorised users / LEAR	Bank Accounts	Financial capacity 	<b>Messages 1</b>	Documents	SME
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[+ New message](#)

Messages

Read messages of your organisation and send messages to the EC ValidationServices.

Subject ↕	Message	Context ↕	Date ↕	Actions
 * Financial capacity assessment - Request for documents	Dear Participant, Following your recent a...	Financial capacity assessment	06/07/2021	<a href="#">View</a>

⏪ ◀ 1 ▶ ⏩

## Required documents

- ✓ Balance sheet
  - ✓ Profit and loss account
- } **For the 2 most recent closed and approved financial years**  
(in official language, dated and signed)
- ✓ New established entities: Business Plan.
  - ✓ External audit report (or signed self-declaration) if requested EU-contribution exceeds  
€ 750.000 (art. 196 EU FR).
  - ✓ Explanatory notes and/or annexes that form part of the above financial statements  
(if available).

**Once completed, the assessment is valid for 18  
months from the closing date**

## Conclusions of financial capacity assessment and protection measures

If the result is negative (insufficient or weak) and poses a risk for the project

Possible measures:

- lower the prefinancing
- request joint and several liability of affiliated
- replacement

## Bank Account

- If needed, during the GAP, coordinators can search for available bank account(s) in the Funding & Tenders Portal's Grant Management Services System
- If no account exists, the system displays an explanatory message on how to request the validation of a BA
- Participants should start the BA work-flow by uploading the requested documents via the Participant Register
- Validation will launch BA validation and will inform the participant once validated



**Recommendation: ensure the bank account is in EURO!**

- Avoid currency exchange costs charged by the bank
- Risk payment is returned back

### 3. Mutual Insurance Mechanism (ex-Guarantee Fund FP7/H2020)

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5% of the maximum GA amount will be retained at prefinancing payment and will be paid to the consortium at final payment of balance

The MIM is an internal fund that covers the risk of non-payment by HE beneficiaries

The Fund belongs to all beneficiaries, is kept by the European Investment Bank and is managed by the European Commission (DG ECFIN invests funds in the financial markets)

### Benefits:

- Reduced Financial Capacity Assessment
- Limited protection measures following weak Financial Capacity Assessment (e.g. no reduction on pre-financing, no trust accounts, no bank guarantees...)

# Resources currently accessible for projects:

[Rules on Legal Entity Validation, LEAR Appointment  
Financial Capacity Assessment](#)

[Funding and Tenders Opportunities Online Portal](#)

[Support - Online manual](#)

[Support - IT How to](#)

## Reference documents

The page reference documents of the programmes managed on the EU Funding & Tenders Portal including legal documents, work programmes, model grant agreements and guides for specific actions.

## Online Manual

Step-by-step online guide through the Portal processes from proposal preparation and submission to reporting on your on-going project. Valid for all 2021-2027 programmes.

## H2020 Online Manual

Step-by-step online guide through the Portal processes from proposal preparation and submission to reporting on your on-going project. Only valid for Horizon 2020.

## IT How to

IT support guide with step-by-step walkthroughs and videos.

## Glossary

A list of funding and tender definitions.

# Good luck with your GAP!



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