



Ministry of Economic Affairs  
and Employment of Finland

European Commission  
Directorate-General for Competition  
COMP-RFG-REVIEW@ec.europa.eu

15.7.2021

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RE: HT.5886\_Reply\_from\_a\_public\_authority, draft Risk Finance Guidelines public consultation

Dear Sir, Dear Madam,

Further to the Commission's request for contributions concerning the public consultation, Finland submits the following preliminary comments on the Commission's draft guidelines on state aid to promote risk finance investments. The comments are the result of consultations between competent ministries and subject to the approval of the Finnish parliament.

Finland welcomes the Commission's proposal. The draft communication constitutes a clear set of rules on risk financing which can be presumed to distort competition in the internal market as little as possible.

Finland supports in particular those clarifications which seek to minimize the distortive effects of aid on competition (for example paragraphs 21, 26, 83 and 109). Risk financing should be deployed through financial intermediaries or alternative trading platforms rather than direct investments (paragraph 21). The prohibition on buy-outs (paragraph 26) is well-founded considering the maturity of the European market. Finland also supports paragraph 32(c) of the proposal, under which the eligibility period will be extended to ten years but its commencement will be calculated from the date of first registration for the undertaking rather than the first sale. The first registration requirement in particular is a significant clarification of the rules. Finland also supports the analysis in paragraph 73 considering the eligibility of undertakings after the 10-year period of registration has expired.

Upside incentives distort competition significantly less than models in which public investors cover private losses. Finland considers the proposed asymmetry on upside incentives significantly less distortive than aid focused on asymmetrically higher public losses (paragraphs 83 and 109). Finland also supports the analysis in paragraph 110 and the proposed definitions for "capped return", "call option" and "asymmetric income cash split".

Finland supports the principle that aid to funds of a small scale, with limited regional focus should be compatible only in exceptional circumstances and following careful market analysis (paragraph 171). Finland also supports the proposed ex-post evaluation for aid schemes with a large aid budget or regional focus (paragraph 184).

Finnish comments re: HT.5886 draft Risk Finance Guidelines public consultation

Finland would welcome a clarification that would more clearly identify what is meant by the “first loss piece” of which the intermediary must cover at least ten per cent (paragraph 103). Finland also proposes that it should be considered whether those changes to the General Block Exemption Regulation (651/2014) which are linked to the guidelines could also be presented in their draft form when presenting proposed amendments to the guidelines.

Yours faithfully,

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