

20th September 2017

Dear Madam or Sir

Welsh Assembly Government Rescue and Restructuring Scheme for SMEs (Scheme) – SA.37226 (2013/N); SA.29013 (ex-N 421/2009); N 281/2003

We refer to the above Scheme, which we hereby notify to the European Commission for approval.

The Scheme has been running since 2003, following the Commission's approval decision of 6 October 2003 (N 281/2003). It was re-notified to the Commission in 2009, following which the Commission approved the Scheme for four years [SA.29013 (ex-N 421/2009)]. In 2013, the Commission approved an extension of the Scheme until 31 December 2017 (N 281/2003).

Due to continued and growing demand for support through the Scheme, it is considered critical that a follow on scheme is put in place. The extension of the current Scheme was approved on the basis of the 2004 R&R guidelines (2004/C 244/02), but under the condition that the Scheme is amended in accordance with the 2014 R&R guidelines (2014/C 249/01), which was fully implemented.

On this basis we have been advised that a full notification will be needed following the end of the current extension period. We also have been advised that the Commission prefers to receive the notification for a new scheme prior to engaging into notification contacts, if any.

The Scheme is being administered by Finance Wales, a 100% owned subsidiary of the Welsh government, who is providing commercial funding to SMEs in Wales, UK. In October 2017 Finance Wales will be undertaking a name change to the Development Bank of Wales (DBW). The ownership and legal structure of the DBW will remain unchanged to that of Finance Wales. In particular, this will not affect the management or operation of the Scheme.

The Scheme is in full compliance with the 2014 R&R guidelines. It is also important to note that, except the prolongation of the validity, all the other provisions in the Scheme remain unchanged.

In particular, the approved Scheme contains two parts: one for rescue aid and one for restructuring aid, including temporary restructuring support.

The rescue part of the Scheme is aimed at helping SMEs in difficulty to recover on the basis of

Finance Wales plc
1 Capital Quarter, Tyndall Street
Cardiff CF10 4BZ

029 2033 8100
info@financewales.co.uk
www.financewales.co.uk

Cyllid Cymru ccc
1 Capital Quarter, Stryd Tyndall
Caerdydd CF10 4BZ

029 2033 8100
gwyb@cyllidcymru.co.uk
www.cyllidcymru.co.uk



temporary assistance aimed at keeping the firm afloat for the time needed to develop a restructuring or liquidation plan. Aid under the rescue part of the Scheme is granted exclusively in the form of a loan or a loan guarantee.

The restructuring part of the Scheme is aimed at helping SMEs in difficulty to reorganise their activities on the basis of a plan to restore their long term viability. Aid under the restructuring part of the Scheme may take a variety of forms, including; loans and loan guarantees, equity injections, debt write-offs, grants. Temporary restructuring support is provided in the form of loans or loan guarantees and is restricted to the amount needed to keep the beneficiary in business for 18 months.

Moreover, the budget of the Scheme remains unchanged, i.e. it remains unspecified. The maximum amount of aid awarded under the Scheme also remains unchanged and will not exceed EUR 10 million of aid per enterprise, as set out in the R&R guidelines. In practice, however, the amounts remain significantly below EUR 10 million. We refer to the Business Case for further information.

As we are keen to have, to the extent legally and administratively possible, a new scheme in place before the current Scheme expires, we have assembled all the information we thought the Commission might find necessary/useful in order to review this notification.

In particular, apart from the notification form as well as the supplementary information sheet Part III.3.C, we have collected the following information:

- Business Case for the Welsh Government Rescue and Restructuring Scheme for non-financial SMEs in difficulty – submitted with this notification;
- Ex-post evaluation of the current R&R Scheme

We would be grateful if the Commission could let us know whether it requires any further information in order to assess this notification.

We would also be delighted to discuss the Scheme in further detail if the Commission found this useful.

Yours sincerely,



Neil Maguinness
Director- Risk, Legal and Compliance