



EU Grants

Participation in EU calls with ownership and control restrictions

Version 2.0
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IMPORTANT NOTICE

This guidance is designed to help **applicants** that wish to apply in EU calls providing for ownership control restrictions.

It explains the requirements to be fulfilled by the applicants, and in particular, the ownership control assessment procedure that will be conducted to determine control. Moreover, it explains the procedure for providing guarantees approved by the EU Member State (or eligible associated country) in which the applicant is established, if control by an ineligible non-EU country/entities/ nationals is confirmed.

It gives details on how EU services intend to apply the relevant criteria to determine eligibility and how applicants may provide the guarantees, if required.

This document constitutes an updated guidance, on the corporate handling of eligibility requirements. It will be kept under close review and may be updated in view of further developments of legislation, case law and practice.

This guidance was prepared by and expresses the views of the EU services and does not commit the European Commission. Only the Court of Justice of the European Union is competent to authoritatively interpret Union law.

HISTORY OF CHANGES		
Version	Publication Date	Change
1.0	20.12.2021	<ul style="list-style-type: none"> Initial version (new MFF)
2.0	01.01.2026	<ul style="list-style-type: none"> Extension to other EU programmes based on new art 136 FR and change of document name (from 'Participation in Digital Europe Programme (DEP), Horizon Europe (HE) and European Defence Fund (EDF) restricted calls' to 'Participation in EU calls with ownership and control restrictions'). Update to the new Financial Regulation 2024/2509. Update of the guidance to provide more details and reflect latest practices, including: <ul style="list-style-type: none"> clarifications on the ownership control assessment and criteria, including examples of specific cases, validity period, etc. clarifications on the checks regarding intermediate ownership layers, new participants joining the action and loss of eligibility more details on the guarantees process. Clarifications regarding the procedures to inform concerned entities.
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1. Background

Since the beginning of the Multiannual Financial Framework (MFF) 2021-2027, some basic acts (*Horizon Europe (HE)*¹, *Digital Europe Programme (DEP)*², *European Defence Fund (EDF)*³, *Instrument on supporting ammunition production (ASAP)*⁴ and *the Connecting Europe Facility – Digital Sector (CEF-Digital)*⁵) specifically allow EU granting authorities to impose ownership control restrictions for participating entities in calls for proposals where this is necessary to protect EU interests (*strategic interests, security interests, security and defence interests, security interests of the EU and its Member States, etc*⁶).

In addition, since September 2024, Article 136 of the EU [Financial Regulation](#)⁷ extends the possibility to introduce ownership control restrictions also to other EU programmes in award procedures that affect security or public order, to protect security or public order interests, in particular concerning strategic assets and interests of the EU or its Member States, including the protection of the integrity of digital infrastructure, communication and information systems and related supply chains.

Where EU calls for proposals provide for such restrictions, this usually means that either:

- only entities controlled from EU Member States and specified eligible non-EU countries may participate

OR that

- entities controlled from countries which are not EU Member States or specified eligible non-EU countries may NOT participate.

Thus, in such calls, entities that would normally be eligible to participate will be ineligible, unless they comply with *additional* conditions regarding their ownership control situation.

For these calls, the EU services will therefore verify the ownership control status of the participants (and, in some cases, also if the conditions for an exception apply, e.g. *guarantee, etc*).

The present document is intended to provide guidance to applicants on how the ownership control restrictions and the assessment procedures will be handled in practice.

 Please be aware that ownership control conditions must be fulfilled already at proposal submission stage (call deadline); changes that occur later on during

¹ Regulation (EU) [2021/695](#) of the European Parliament and of the Council of 28 April 2021 establishing Horizon Europe – the Framework Programme for Research and Innovation, laying down its rules for participation and dissemination (OJ L 170, 12.5.2021, p. 1).

² Regulation (EU) [2021/694](#) of the European Parliament and of the Council of 29 April 2021 establishing the Digital Europe Programme (OJ L 166, 11.5.2021, p. 1).

³ Regulation (EU) [2021/697](#) of the European Parliament and of the Council of 29 April 2021 establishing the European Defence Fund and repealing Regulation (EU) 2018/1092 (OJ L 170, 12.5.2021).

⁴ Regulation (EU) [2023/1525](#) of the European Parliament and of the Council of 20 July 2023 on supporting ammunition production (ASAP) (OJ L 185, 24.7.2023).

⁵ Regulation (EU) [2021/1153](#) of the European Parliament and of the Council of 7 July 2021 establishing the Connecting Europe Facility (OJ L 249, 14.7.2021, p. 38).

⁶ See art 22(5) HE Regulation, art 12(5,6) DEP Regulation, art 9(3,4) EDF Regulation, art 10(1,2) ASAP Regulation, art 11(4) CEF Regulation.

⁷ Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast) ('EU Financial Regulation') (OJ L, 2024/2509, 26.9.2024).

evaluation or grant preparation will NOT be taken into account — unless agreed by the granting authority.

 Moreover, the status must remain the same throughout the project implementation. Any changes that impact the eligibility to participate during an ongoing grant (e.g. from 'EU controlled' to 'non-EU controlled') must be immediately notified to the granting authority (see [AGA — Annotated Grant Agreement, art. 19.3](#)). Non-compliance may lead to a reduction of the grant or other non-compliance measures.

2. Which types of participants are targeted?

Ownership control restrictions cover in principle all entities participating in the grant in any capacity (as beneficiary, affiliated entity, associated partner, third party giving in-kind contributions, subcontractor or recipient of financial support to third parties, if allowed). For EDF⁸ and some other programmes, they also extend to sub-subcontractors.

The level of checks by the EU authorities depends however on the programme and risk profile of each call. Thus, programmes typically foresee a combination of EU checks and checks by the beneficiaries themselves; the precise scope of the EU checks is set out in the call conditions.

Entities which, according to the call conditions, are subject to EU checks must register in the Portal [Participant Register](#) (i.e. have at least a draft ('declared') participant identification code (PIC); validation is not needed at this stage). They will be required to fill in and submit an [ownership control declaration](#)* as part of the proposal and then later on, if the proposal has passed evaluation, be requested to submit supporting documents. In calls where guarantees are allowed, ineligible entities will be invited to fill in the [guarantee template](#)*, have it approved by the competent authority of their country of establishment and submitted back to the granting authority (see *section 4*).

No grants can be signed before the EU checks are completed.

 Afterwards, the beneficiaries must ensure that they and the other participants continue to comply with the requirements during the action implementation (and make sure they respect all the other additional provisions that apply to the restricted call as set out in the grant agreement and call conditions, if any).

3. When will an entity be considered non-EU controlled?

3.1 How is control defined

'Control' is defined as the possibility to exercise decisive influence on the participant, directly or indirectly, through one or more intermediate entities, 'de jure' or 'de facto'.

 The fact that no influence is actually exercised is not relevant, as long as the possibility exists.

For ownership control restrictions, a participant will be considered to be 'non-EU controlled' when a shareholder/partner/member/owner⁹ who is a non-EU country/non-EU entity/non-EU national — at any level in the chain of control

⁸ See art 9(8) EDF Regulation and Annex 5 EDF MGA. This always includes sub-subcontractors to which at least 10% of the total eligible costs of the action is allocated and sub-subcontractors which may require access to classified information in order to carry out the action.

⁹ Since some entities do not have shareholders/owners but rather partners or members, these terms will be used interchangeably in this document (meaning that any term used individually is deemed to cover all categories).

(including intermediate layers) — has the possibility ('de jure' or 'de facto') to exercise decisive influence on the entity concerned, notably in relation to its strategic business decisions (*such as appointment and removal of senior management, decisions regarding budget, investment business plans, market-specific decisions, etc.*).

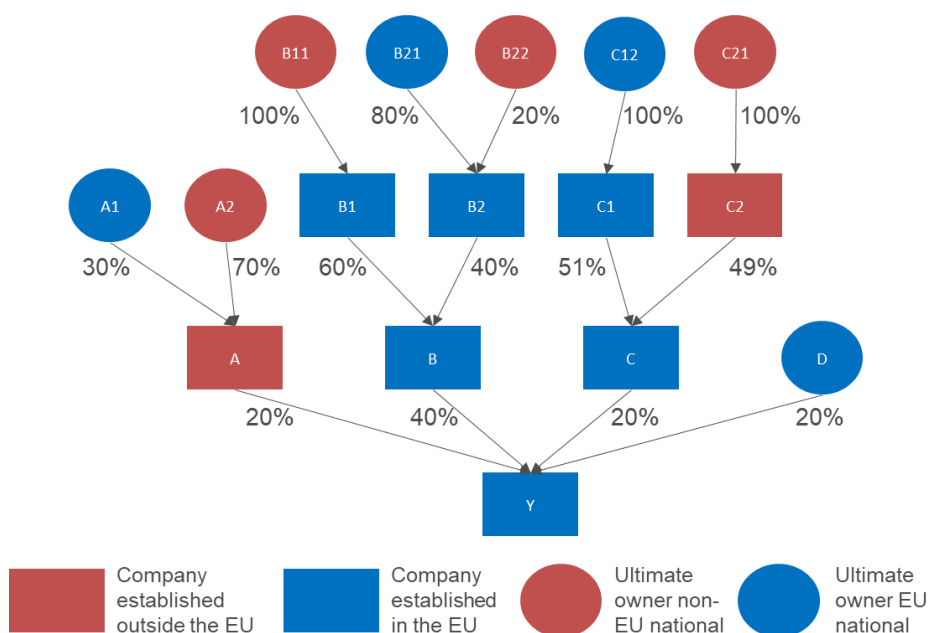
The control analysis will examine all ownership layers until the ultimate owners, with complete ownership mapping to identify possible exposure to non-EU influence at any ownership layer and to determine all non-EU countries of control (comprehensive risk-profile). If there is clear evidence of non-EU control at any ownership layer (intermediate and/or ultimate), the participant will be qualified as non-EU controlled.

Example (chain of control):

Company Y is the applicant and it is assumed for simplification¹⁰ that all shares have the same voting rights and that decisions are taken by simple majority.

Company B, established in an EU country, is controlled by another company B1 established in an EU country, which can adopt decisions in B as it owns 60% of the shares. However, the control of B1 is in the hands of a non-EU national (B11), and therefore, the B is non-EU controlled.

In company Y, even if 80% of the shares are directly held by two companies established in an EU country and by an EU national, when looking at the control of the intermediate layers up to the ultimate owners, in the end 60% of the shares are controlled by non-EU shareholders (20% corresponding to company A, and 40% to company B), and therefore non-EU ultimate owners can adopt strategic decisions.



3.2 How is control assessed

The assessment will take into account all kinds of situations that may confer 'de jure' or 'de facto' control, including sole control and joint control.

'Sole control' is acquired if one shareholder/partner/member/owner alone can exercise decisive influence over an entity. The most typical situations are:

- through the holding of the majority of voting rights required for the approval of strategic decisions in the entity

¹⁰ When conducting the assessment, it will be checked which are the majorities needed, the quorums requested, if there are different voting rights attached to the shares, the veto rights that minority shareholder can have, etc.

- through veto rights on strategic decisions, which do not give the power to a shareholder to impose such decisions on its own, but to block them (so-called 'negative control')

In the case of sole control through veto rights, and contrary to the joint control (see *below*), there are no other shareholders enjoying the same level of influence and the shareholder enjoying negative sole control does not necessarily have to cooperate with specific other shareholders to determine the strategic behaviour of the controlled entity

- through casting vote, where this right is deemed as being effective and relevant to confer control
- when a shareholder is highly likely to achieve a majority at the shareholders' meetings, given the level of its shareholding and the evidence resulting from the presence of shareholders in the shareholders' meetings in previous years.

'Joint control' is acquired if two or more shareholders/partners/members/owners have the possibility to exercise decisive influence over an entity.

The most typical situations are:

- through veto rights, given to two or more shareholders, on strategic decisions which determine the business behaviour of the entity (so-called 'negative control')
- through equal voting rights e.g. 50%:50%¹¹ or unanimity required for the taking of strategic decisions
- through entitlement to appoint an equal number of members to the decision-making bodies *and* absence of casting vote for one shareholder or when the casting vote is of limited relevance and effectiveness.

 In cases of several minority shareholders and no stable majority in the decision-making process¹², the possibility of changing coalitions between minority shareholders (i.e. shifting majorities) will not in principle constitute joint control (even if they may in certain cases still lead to 'non-EU control', see '*no control/shifting majorities*' *specific case below, section 3.3*).

 In case of cross-shareholdings¹³, the possibility of control by several shareholders related through capital, structural, economic or family links will be carefully analysed.¹⁴

The assessment will be done on a case-by-case basis, looking at the relevant legal and factual elements in each case.

'De jure' influence will be looked at by analysing the legal set-up, governance rules and specific rights; 'de facto' influence will be judged by looking at the decision-taking reality of the entity (including, commonalities of interests, voting habits, etc).

¹¹ Pertinent to shareholders enjoying the same level of influence and who must cooperate and reach a common agreement in determining the entity's strategic behaviour.

¹² For example: 3 direct shareholders (Companies A, B and C) holding 33% each and simple quorums and majorities are required for approval of strategic decisions. The majority can be reached by any of the various combinations possible amongst the three shareholders.

¹³ Through a group of linked companies/same family member/investment funds controlled by the same general partner, etc.

¹⁴ For example: 3 direct shareholders (Companies A, B and C) holding 33% each and simple quorums and majorities are required for approval of strategic decisions; Company A and B are wholly owned by the same non-EU natural person, who will indirectly hold 66% of the total voting rights and thus having ultimate control.

The assessment will start with the submitted ownership control declaration and then go into supporting documents concerning the ownership and control situation at the different layers, such as:

- documents showing direct and indirect shareholders/members/partners/owners as well as information on place of establishment
- statutes, articles of association, shareholders/members/partners/owners' agreements and documents providing information on (special) rights attached to shares
- reports/minutes of shareholders/members/partners/owners' meetings
- ID documents proving the nationality of natural persons identified as the ultimate owners, etc.

 Public bodies (validated as such in the Funding & Tenders Portal Participant Register) will automatically be considered as controlled by their country; NO need for a detailed case-by-case assessment for them.

3.3 What elements will be taken into account to determine control

For the case-by-case assessment, the following elements will be taken into account to determine control:

- ownership structure and specific rights
- corporate governance
- commercial links conferring control
- financial links conferring control
- other sources of control.

Ownership structure and specific rights

The ownership structure will be analysed to establish which countries, entities or natural persons have decisive influence on the participant, notably with regard to the strategic business decisions.

In this context, if the participant is directly and fully owned by natural persons, the nationality of these natural persons will be a key element of assessment, i.e.:

- if all the owners are nationals of EU Member States and there are no commercial or other links that could confer control on other persons or entities, further assessment may not be necessary
- if some of the owners are individuals with non-EU nationality, their ability to exercise control has to be further assessed.

If several ownership layers exist between the participant and its ultimate owners:

- ownership and control will be identified at each layer, and at each layer the existence of a controlling non-EU country/non-EU entity/non-EU national has to be assessed
- participants will be asked to demonstrate to the extent possible that, all along the chain of control until the ultimate owners, there is no control by a non-EU country/non-EU entity/non-EU national

- if shareholding is widely spread, and one or several non-EU shareholders are the largest shareholders (even if their participating interest may look insignificant), a detailed control assessment must be conducted
- ultimate owners with 5% (or more) of the shares/voting rights must be identified (upon request even shareholders with less than 5%).

The following specific cases can be distinguished:

❖ **Listed companies** — If the participant is a company listed in the stock exchange, a subsidiary of a listed company or is controlled by a listed company, control will in principle be assessed in the same way as described above. Where the participant has a substantial number of shares that are floating (shares on regulated stock markets), the emphasis will be on:

- the bodies entrusted with the adoption of strategic decisions
- the decisions that are taken at the general meeting of shareholders and the quorum required (participation and majority)
- the decisions that are taken in other management bodies (*such as Executive Board, Supervisory Board, Board of Directors, Advisory Boards, CEO*) and the quorum required (participation and majority)
- the appointment of management bodies and the possibilities of the largest shareholders to appoint them
- veto rights or multiple voting shares (*e.g. golden shares*), if any.

❖ **Not all ultimate owners can be identified** — If not all the ultimate owners can be identified (*e.g. listed companies with important floats*), the participant will be asked to demonstrate that under the applicable national law unknown shareholders cannot (alone or in concert) exercise decisive influence, and must confirm that there is no shareholders agreement to act in coalition.

❖ **No control/shifting majorities** — In order to fully address the risk context of restricted calls, where the assessment is inconclusive regarding control (because no shareholder/partner/member/owner has the possibility to exercise decisive influence because the majorities required to pass strategic decisions are shifting), participants will be considered 'non-EU controlled' if the ownership mapping shows significant elements of non-EU influence (*e.g. place of establishment and/or nationality of the majority of shareholders/partners/members/owners, etc*).

❖ **Negative control by EU shareholder(s) and non-EU influence on strategic matters** — In order to fully address the risk context of restricted calls, in situations where both EU and non-EU shareholders are involved, control through veto or blocking rights by EU shareholder(s) (negative control) is not sufficient as such to exclude influence by non-EU shareholders on strategic decisions. In these cases, it is therefore essential to thoroughly examine the quorum and majority requirements for strategic decisions, and a participant will be considered 'non-EU controlled' if non-EU shareholders have the possibility to influence/block strategic decisions, (even if it is the EU shareholder(s) who have negative control).

❖ **Specific rights** — Concerning specific rights, some examples of owners' rights may deserve closer scrutiny in terms of control:

- right to veto a transfer of shares
- some forms of pre-emption rights (right given to an existing shareholder to be the first option in case other shareholders want to sell their shares)

- specific rights to sell shares, purchase additional shares or conditions imposed for the investment in the participant

if they lead to a situation where a non-EU country/non-EU entity/non-EU national controls the participant.

❖ **Natural persons** — For natural persons, the analysis will be based on proof of nationality only. We will not look into other factors, such as place of residence, economic activity, centre of interests, etc. Natural persons with dual nationality (EU and non-EU) will be considered as EU nationals. Moreover, the checks are in principle only on (ultimate) owners of the participant entity; nationality of other individuals (*e.g. individuals involved in governance bodies*) is normally NOT relevant and will NOT be checked, — unless the nationality of the members of the governance bodies is an essential element for the analysis (*which may, for instance, be the case for foundations or similar legal forms that do not have shareholders/owners and where the members of the governance bodies effectively appoint their successors, etc*).

For the analysis of the ownership structure and specific rights criterion, supporting documents and information on the following elements will be requested:

- proof of the direct and indirect shareholders/members/partners/owners¹⁵ and their respective percentage of interest and voting rights, as well as information on their place of establishment (in case of legal entities), for instance: *shareholder/member/partner registries/book of shareholders with the exact distribution of shares/voting rights; commercial registry extracts; articles of association/incorporation documents/memorandum of association, etc*
- information on the rights attached to the shares detained: number of votes per share, right to veto or block decisions, consent or pre-approval on decisions or multiple voting shares (*e.g. golden shares*), etc
- copy of ID card or passport of the ultimate owner(s) proving the nationality of the natural persons detaining at least 5% of the capital or voting rights in the entity.

Corporate governance

The corporate governance will be examined to establish whether strategic decisions may be influenced, actively (through an action) or passively (by not exercising rights, *e.g. abstention*), by an owner who is a non-EU country/non-EU entity/non-EU national.

Examples (strategic business decisions): *Strategic business decisions are the appointment or removal of senior management; adoption of the budget; adoption of the business plan; decisions on major essential investments (level, amount, to what extent they are essential to market operations); decisions on market-specific rights (IP rights, technology transfer/licensing); decisions on extension or acceptance of financial instruments like guarantees or loans; decisions on contracts, business transactions with persons affiliated to the legal entity or one of the shareholders; decisions on asset acquisitions.*

⚠ **ONLY** *appointment/removal of senior management and budget approval/adoption can confer control on their own. All other decisions, have to be considered in the overall assessment based on the specificities of the activity/business of the entity and their weight in the overall business.*

¹⁵ Ultimate owners are always natural persons (except in case of public entities) who ultimately control the entity.

The assessment will identify at which governance level (by which bodies) the strategic business decisions are taken, the decision-making procedures (including majorities and quorum requirements, voting rules and prerogatives accorded to other bodies, if any) and the nature of decisions taken.

For this, the following types of checks may be needed:

- identification of the governing bodies in charge of strategic decisions (*e.g. General Assembly/Board of Directors/Supervisory Board/Management Board, etc*)
- check if different classes of shares exist and the rights attached to each class of shares. If having the right to vote at the General Assembly is attached to the shares, check of the number of votes attached.
- check on how the members of the governing bodies in charge of strategic decisions are appointed, i.e.:
 - what are the quorums and majorities required
 - if the members of the governing bodies are appointed by particular shareholder(s) following specific nomination rules or requiring the approval of particular shareholder(s)
- check of the voting rights given to each member of the governing bodies (representing any particular shareholder(s))
- check on quorums and majorities required for taking strategic decisions and whether some decisions require pre-consent/approval by certain shareholder(s)/shareholder's representative(s) in any of the governing bodies
- identification of the shareholder(s) with possibility to exercise decisive influence.

The following specific cases deserve particular attention:

❖ **Supermajority/qualified majority** — If the legal documents (*statutes, shareholder agreements, investor agreements, deeds, internal governance rules and regulations, etc*) require a supermajority for strategic decisions (*e.g. 2/3, >66%, >75%*), shareholders having a simple majority of the voting rights (*i.e. >50% but < the supermajority %*) may not have the power to determine strategic decisions alone, but their shareholding may be sufficient to confer to them blocking rights and therefore the power of control¹⁶.

Similar situations of control may happen in cases where:

- one shareholder holds 50% of the entity's voting rights, whereas the remaining 50% are held by several other shareholders not acting in concert¹⁷
- the required supermajority for strategic decisions confers a veto right upon one shareholder, irrespective of whether it is a majority or a minority one.¹⁸

¹⁶ For example: shareholder A holds 60% and the remaining 40% are held by 4 shareholders with 10% each. Strategic decisions are approved with supermajority of >75%. In such case shareholder A is the only one that may block the decisions, because without his approval the supermajority cannot be achieved, whereas the remaining 15% may be reached by a combination of the votes of any of the other 4 shareholders.

¹⁷ Similar as for the supermajority, even if the shareholder does not hold a majority of the voting rights, he can still block strategic decisions because without his approval simple majority cannot be achieved.

❖ **Minority shareholders with specific rights** — Control may occur in situations where a minority shareholder is having specific rights, such as the power to appoint more than half of the governing bodies members taking strategic decisions or the right to manage the activities of the entity and to determine its business strategy on the basis of the entity's organisational structure (*e.g. as a general partner in a limited partnership*).

❖ **Listed companies** — When there is a substantial number of shares that are floating (shares on regulated stock markets), an analysis of the voting patterns in shareholders' meetings may be needed. For this, attendance lists and minutes from General Assembly meetings can provide important information on effective decision-making in the entity, based on presence and voting behaviour, number of votes for and against per decision, geographical distribution of shareholders, etc. Analysis of the voting pattern can help to identify whether a particular (albeit minority) shareholder represents the majority of the capital over several meetings.

❖ **Nominee, investment funds, trust or other institutional investment instrument/arrangement holding the shares** — In case of shareholders which are nominees, investment funds, trusts or other institutional investment instruments (or arrangements), the analysis will focus on the agreements/arrangements committing the nominee, fund, trust or other investment structure, their objective and decision-making powers.

❖ **Associations, unions, alliances and similar collective structures** — For entities that do not have shareholders/owners but are composed of members, who may fall in different categories (*e.g. founding members, ordinary members, honorary members, golden/silver members, etc*), the analysis will focus on identifying the number of voting rights per member, as well as the voting members' countries of establishment (if legal persons) or nationalities (if natural persons) and the governing bodies and decision-taking modalities. Usually, in such collective structures, the members have equal voting rights (*1 member = 1 vote*) regardless of the amount of their contributions; however, in some cases, the voting rights may depend on other criteria *e.g. number of employees, contribution, role of the members, etc*.

For the analysis of the corporate governance criterion, supporting documents and information on the following elements will be requested:

- description of the decision-making bodies and their composition as well as the nature of the decisions taken by each body
- relevant rules regarding election, appointment, nomination or tenure of members of the decision-making bodies
- decision-making procedures related to strategic decisions, including quorum requirements and voting rules.

This may be covered for instance by members'/partnership agreements, memorandum of understanding among partners/members, investment agreements between the partners/members, statutes, articles of association, internal corporate governance rules and regulations or other relevant documents regarding the decision-making procedures within the entity.

Commercial links conferring control

¹⁸ For example: decisions are approved by a supermajority of 66% that cannot be reached by or blocked by a particular shareholder, but always require the affirmative vote of a particular shareholder, provided that no other shareholder has the same level of influence.

Commercial links will, where necessary, be analysed in combination with other factors, to establish whether the participant (or its owners) are dependent on commercial cooperation with a non-EU country/non-EU entity/non-EU national, in a way that could give them strategic influence (*e.g. long-term supply or buy agreements that allow it to decide on the commercial strategy, joint venture or other commercial cooperation*).

They will be assessed on the basis of the information provided in the ownership control declaration.

For the analysis of the commercial links criterion, supporting documents and information on the following elements will be requested:

- information on non-EU customers/suppliers on whom the participant is dependent in a way which can give them control.
- cooperation agreements/arrangements with the non-EU customers/suppliers on whom the participant is dependent.

Financial links conferring control

Financial links will be analysed, where necessary, to establish whether the participant (or its owners) are financially dependent on a non-EU country/non-EU entity/non-EU national, in a way that could allow them to influence strategic decisions.

They will be assessed on the basis of the information provided in the ownership control declaration.

All modes of financing may be taken into account, such as capital increase, loans, guarantees, debt waivers bails¹⁹ and grants.

If the financial link is with a shareholder, the degree of financial dependence will be measured in proportion to the shareholding (i.e. how much more than the value of the shares was financed).

For the analysis of the financial links criterion, supporting documents and information on the following elements will be requested:

- information on non-EU countries/non-EU entities/non-EU nationals providing significant amounts of financing to the participant, indicating the type of financing and nature and degree of 'control'.
- financial agreements/arrangements with non-EU countries/non-EU entities/non-EU nationals providing the financing.

Other sources of control

There might be other sources of control (i.e. other means, processes or links ultimately conferring control to a non-EU country/non-EU entity/non-EU national).

They will be assessed on the basis of the information provided in the ownership control declaration.

If needed for the analysis, supporting documents and information on the following elements may be required:

¹⁹ E.g. an investor issuing a guarantee to a bank and the bank therefore is willing to grant a loan.

- arrangements about possible other means, process or link ultimately conferring control to a non-EU country/non-EU entity/non-EU national.

4. How will participation in restricted calls be checked? – Ownership control assessment procedure (OCA) – Guarantees

4.1 Ownership control declaration

For restricted calls with ownership control restrictions, the participants²⁰ must fill in the [ownership control declaration](#)^{*}, as part of their application (or in case they enter through an amendment, as part of the amendment request).

This declaration must be signed by a person empowered to represent the legal entity.

The coordinator must merge all declarations into one single document and submit it with the application (signed originals should be kept on file by the participants). Proposals missing this annex for their participants may be declared inadmissible.

Public bodies (validated as such in the Funding & Tenders Portal Participant Register) are exempted from this obligation. They are automatically considered as controlled by their country; NO need for a ownership control declaration. ⚠️ This is only valid for entities with a formal validation in the Participant Register as 'public body'; draft ('declared') status is NOT sufficient.

4.2 Ownership control assessment by the Central Validation Service (CVS) for HE, DEP, EDF and CEF-Digital programmes

For participants that have declared themselves as 'non-EU controlled' in the ownership control declaration, we will normally not perform any detailed ownership control assessment (OCA). If the proposal has passed evaluation and if the status impacts your eligibility (i.e. if the non-EU country in question is ineligible under the call for proposals), you can directly proceed to the guarantee procedure (if applicable; see *below, section 4.4*).

For all other participants, the Central Validation Service (CVS) will, if the proposal has passed evaluation, contact you during grant preparation, to upload the necessary supporting documents so that they can perform the detailed ownership control assessment (see [Rules for Legal Entity Validation, LEAR Appointment and Financial Capacity Assessment](#)^{*}).

The required documents will be listed in the [notification](#) you receive. In general, you will need to provide documents establishing your ownership control situation (*documents showing all direct and indirect shareholders, statutes, articles of association, shareholders' agreements, reports/minutes of shareholders meetings, ID documents of ultimate owners, etc; see also section 3.3*).

The documents should be prepared well in advance, so that they can be provided as soon as you receive the notification. Use the upload link in the notification. ⚠️ Please do NOT send us any supporting documents before (or via other means) and please respect the given deadlines.

All data and documents will be treated as confidential; personal data will be handled in accordance with EU Regulation [2018/1725](#)²¹. Any information you provide will be

²⁰ To see which types of participants are concerned, see the call conditions of your call.

²¹ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

protected and used only for the purpose of assessing your eligibility for EU funding. Please note that for reasons of transparency and equal treatment we cannot agree to any bilateral additional protective measures (such as non-disclosure agreements or similar) nor accept that you (or shareholders/members/partners/owners) refuse to provide information on grounds of business confidentiality or data privacy.

The assessment will be carried out on the basis of the information you have provided in the ownership control declaration and the supporting documents (including updates in case of agreed changes). If needed, we may also use other available information to clarify questions about the data/information provided or contact you for clarifications/additional information.

If you (or your shareholders/members/partners/owners) refuse to cooperate or do not provide the necessary information and documents, the Central Validation Service (CVS) has the right not to finalise the assessment (or, if possible, finalise it on the basis of the available information and documents). ⚠️ An unfinalised assessment will make you automatically ineligible.

The outcome of the detailed ownership control assessment will be your 'validated ownership control status'.

Since the conditions must be fulfilled already at proposal submission stage (call deadline), you cannot request to change the status during grant agreement preparation (GAP) — unless explicitly agreed with the granting authority.

The status is normally valid for 36 months from the OCA effective date, i.e. the date when the Central Validation Service (CVS) completed the assessment.

Negative assessments ('non-EU controlled') may be re-assessed, if your ownership control situation has changed AND you are selected in another EU call. For positive assessments ('EU-controlled'), any changes in your ownership control structure that could impact your eligibility in an ongoing EU grant must be signalled immediately to the service in charge of the grant, together with an updated ownership control declaration (*see below, section 5*).

In case you submit a new proposal in a restricted EU call, you will ALWAYS be required to submit a new ownership control declaration. What happens afterwards, depends on the content of your declaration:

- If you declared yourself as 'non-EU controlled', your status will ALWAYS be automatically counted as non-EU controlled, independently of previous assessments (if any) and without any detailed assessment from our side (unless needed for more in-depth eligibility checks).
- If you declared yourself as 'EU controlled', AND the 36 months validity period of a previous assessment (if any) has passed, we will conduct a new ownership control assessment.
- If you declared yourself as 'EU controlled' AND are within the 36 months validity period, we will normally NOT conduct any new assessment (unless we have indications that this information is not correct or you have declared a change compared to a previous assessment — in which case the granting authority may request a new assessment).

⚠️ In all cases, supporting documents that have already been submitted to the Central Validation Service (CVS) do NOT need to be re-submitted, if they haven't changed. They can be listed in a word file, which can be uploaded together with the new documents.

 Please note that the Central Validation Service (CVS) is a specialised EU service which is tasked ONLY with collecting the supporting documents and performing the detailed ownership control assessment. It does NOT provide help nor general advice; it does NOT analyse or take a decision on the eligibility (or not) to participate in specific calls; it does NOT advise on or assess guarantees. All these questions are handled by the service in charge of the grant. In case of questions, please contact your Project Officer.

 For other programmes, the ownership control assessment will be done directly by the EU service in charge of the grant.

4.3 Eligibility check by the EU services in charge of the grant

For participants where the outcome (validated status) is 'non-EU controlled', the service in charge of the grant will then check whether this impacts their eligibility to participate in the call (i.e. if the non-EU country in question is an ineligible country).

If this is the case, the participant will be informed by the granting authority about the details of the assessment and allowed to submit observations.

In addition, if the call conditions allow for guarantees, the participant will be given the possibility to provide a guarantee which (if approved by the competent national authorities and accepted by the EU) may allow them to nevertheless participate (see *below, section 4.4*).

If guarantees are not allowed OR the participant is not in a position to provide one, the service in charge will inform the consortium and ask them to replace the participant concerned (or remove the participant and redistribute the tasks between the remaining participants).

 Please be aware that, if this is not possible and the consortium cannot propose any other acceptable solution, the entire proposal may have to be rejected.

 Moreover, in order to ensure equal treatment, please note that only solutions which do not imply substantial changes to the proposal can be accepted; solutions that — if they had been known — would have impacted the evaluation result can NOT be accepted.

4.4 Guarantees

Preparation of the guarantee by the participant

If allowed by the call conditions, ineligible participants will be invited by the EU service in charge of the grant to provide an [ownership control guarantee](#)*.

This guarantee should demonstrate that:

- their involvement will not contravene the interests protected by the call (*e.g. security or strategic autonomy/strategic interests/security and defence interests/security interests/security or public order*)
- their involvement will not contravene the objectives of the EU programme
- measures have been put in place to ensure that:
 - the control by the ineligible non-EU country/entities/nationals is not exercised in a manner that:

- restrains, restricts or compromises the participant's capacity to carry out the action and deliver results
- imposes restrictions concerning infrastructure, facilities, assets, resources, intellectual property or know-how needed for the action
- access by the controlling ineligible non-EU country/entities/nationals to sensitive information relating to the action is prevented (including the necessary technical, legal and organisational measures to prevent transfer or access — including unsolicited transfers or access — to personal or non-personal data, including processed data and meta-data, held in the EU that would be unlawful under EU law or applicable national law) and the employees or other persons involved in the action have adequate security clearance, where appropriate
- the intellectual property arising from, and the other results of, the action:
 - remain with the participant during and after the end of the action
 - are not subject to control or restriction by the controlling ineligible non-EU country/entities/nationals
 - are not transferred/exported outside the eligible countries
 - cannot be accessed by the controlling ineligible non-EU country/entities/nationals without the approval of the eligible country in which the participant is established and in accordance with the objectives of the EU programme.

The guarantee must cover all conditions and explain the concrete measures put in place to ensure compliance.

Examples (concrete measures): specific management structures put in place to manage the project separately from normally used management structures; protection mechanisms vis-à-vis the ineligible non-EU country/entity/national; mechanisms in place to prevent access to sensitive information by ineligible non-EU country management structures; protection against loss of sensitive data; registration and/or authorisation received to operate and work in protected areas; security clearance of the management/employees/facilities involved in the action; reporting duties to national authorities; control, verification and/or audit rights by national authorities; instruments to control or approve ineligible non-EU country investments and other foreign direct investment mechanisms

The guarantee must be signed by the participant and approved by the competent national authorities during grant preparation.

 If ineligible non-EU country/entity/national control is already known at proposal submission, you are strongly advised to already prepare the guarantee as part of your proposal (even if the guarantee itself, will be requested from you only later on, during grant preparation).

Guarantee approval by the competent national authorities

The guarantee must normally be approved by the competent authorities of the country of establishment of the non-EU controlled participant.

It is normally for the participant concerned to take care of this. They must follow the instructions in the template and contact the competent authority. For Horizon Europe calls, there is however an exception and the Commission will contact the Member

State (or eligible third country) directly for the approval; NO need for the participants to do this.

The national authorities are invited to confirm their agreement to the participation of the entity in the EU project, check general compliance with the national rules and national security, defence and public order interests and confirm that the measures taken to avoid issues seem appropriate.

 Please note that the [guarantee approval template](#)* is recommended, but not mandatory. It is in principle intended to be returned by the national authority to the participant and then submitted by the latter to the granting authority. However, the national authorities can also confirm their approval directly to the Commission (by any usual means of communication, *e.g. official note sent directly by email or through the Permanent Representation, etc*). If the template is not used, the communication should include a sufficient level of detail and information to allow us to be able to assess eligibility and successfully finalise grant preparation.

Guarantee assessment by the EU services

Once submitted, the EU service in charge of the grant will assess the guarantee from their side, for completeness, compliance with the eligibility conditions, EU security, defence and public order interests and assess whether the measures taken to avoid issues seem appropriate.

If the guarantee is not complete or inadequate, you may be contacted for changes or updates.

Since the guarantee procedure constitutes a derogation, the conditions will be interpreted strictly. The EU services may reject them in case of non-compliance.  Please note that guarantees with disclaimers or that rely on changes in the ownership control structure will normally be rejected.

 Guarantees are programme-, call- AND project-specific. You can NOT rely on guarantees given/accepted in the context of another EU programme, call or project.

 Please make sure that the measures set out in the guarantee are implemented/maintained for the entirety of the action (and, where needed, also beyond). Otherwise you may risk that the guarantee becomes invalid and you might be declared ineligible. You may be asked to report on the implementation of the measures.

4.5 New participants joining during the action

New participants which join an ongoing project have to submit their ownership control declaration as part of the amendment supporting documents.

They will then be contacted to upload supporting documents and the same rules as above apply *mutatis mutandis* for the assessment, guarantees and guarantee approval.

For subcontractors (who, even where covered, are normally NOT subject to a formal amendment, see [AGA — Annotated Grant Agreement, art. 6.2.B](#); except in [EDF](#), see [EDF MGA Annex 5](#)), it is for the consortium to ensure that new subcontractors are notified to the granting authority sufficiently in advance and that they register in the Portal [Participant Register](#) (i.e. have at least a draft ('declared') PIC; validation is not needed), so that they have time to submit an OCA declaration and that an OCA assessment can be triggered and finalised before they start participating.  Please note that we will normally need at least 3 months for the assessment and that your subcontractors must NOT start working on the project before the assessment is

completed. Also, you are NOT allowed to declare costs incurred by subcontractors which didn't undergo the OCA assessment (or which were found to be non-EU controlled); such costs are ineligible.

5. What happens if the ownership control situation changes during grant implementation

Ownership control conditions must be fulfilled not only at proposal submission and grant signature, but throughout the entire action.

For this reason, any changes in the situation of a participant that occur during the project (*e.g. as a result of an acquisition by a foreign entity; change of shareholders; etc*) must immediately be notified to the granting authority, either by the concerned participant or through the coordinator (*see [AGA — Annotated Grant Agreement, art. 19.3](#)*). The same applies to changes affecting the content of guarantees. The granting authority service will request the participant concerned to complete a new ownership control declaration to perform a new assessment, if needed.

 If a participant becomes ineligible during the action, the coordinator should immediately contact the IT Helpdesk to request the withdrawal of their access rights to the Portal Grant Management System. Moreover, the consortium should immediately cease any cooperation and sharing of information with the participant concerned — until we have clarified if they can continue to participate in the project (*e.g. by submitting a guarantee*) or not. This is IMPORTANT; breaches (*e.g. transfer of sensitive information or IPR to an ineligible non-EU country*) may lead to a reduction of the EU grant.

If the participation is terminated, costs will automatically be ineligible — as from the date of loss of eligibility.