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COMMISSION IMPLEMENTING DECISION

of 14.4.2021

establishing the necessary arrangements for the administration of the borrowing operations under Council Decision (EU, Euratom) 2020/2053 and for the lending operations related to loans granted in accordance with Article 15 of Regulation (EU) 2021/241 of the European Parliament and of the Council

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THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to the Treaty establishing the European Atomic Energy Community,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility¹, and in particular Article 15(4) thereof,

Having regard to Council Decision (EU, Euratom) 2020/2053 of 14 December 2020 on the system of own resources of the European Union and repealing Decision 2014/335/EU, Euratom², and in particular Article 5(3) thereof,

Whereas:

- (1) In the context of the response to the COVID-19 crisis, NextGenerationEU ('NGEU') has been adopted to finance recovery initiatives, while facilitating the green and digital transition of the Union economy. Pursuant to Article 5(1) of Decision (EU, Euratom) 2020/2053, the Commission is empowered to borrow temporarily up to EUR 750 000 million in 2018 prices on capital markets on behalf of the Union. Pursuant to Article 2(1) of Council Regulation (EU) 2020/2094³, these amounts are to finance the European Union Recovery Instrument that will support the recovery in the aftermath of the COVID-19 crisis. The measures financed by the European Union Recovery Instrument under Article 1 of Regulation (EU) 2020/2094 will be implemented under numerous Union spending programmes. The largest part of financing will be provided through the Recovery and Resilience Facility ('RRF') established by Regulation (EU) 2021/241, in the form of non-repayable financial support and loan support to Member States.
- (2) It is therefore necessary to establish the necessary arrangements for the administration of the borrowing operations. The implementation of the borrowing operations by the Commission should be conducted in accordance with the principle of sound financial management laid down in Article 317 of the Treaty on the Functioning of the

¹ OJ L 57, 18.2.2021, p. 17.

² OJ L 424, 15.12.2020, p. 1.

³ Council Regulation (EU) 2020/2094 of 14 December 2020 establishing a European Union Recovery Instrument to support the recovery in the aftermath of the COVID-19 crisis (OJ L 433, 22.12.2020, p. 23).

European Union and Article 33 of Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council⁴ ('Financial Regulation').

- (3) The Commission should implement the NGEU borrowing and debt management operations through the most appropriate funding strategy for ensuring compliance with the requirement of sound financial management in the exceptional circumstances where NGEU expenditure is financed through recourse to borrowing on capital markets. The significant number of uses and beneficiaries of NGEU proceeds excludes the mobilisation of capital on a per-disbursement basis, thereby excluding the use of back-to-back financing (borrowing to on-lend at the same maturities and conditions). Such an approach would carry the risk that the Commission is unable to mobilise sufficient funds to meet payment commitments when they fall due, or to raise the proceeds on less favourable terms. A diversified funding strategy is necessary to equip the Commission with the flexibility to raise the proceeds needed to fund both loans and non-repayable support, on time and in sufficient quantities, under the most advantageous terms as a function of evolving market circumstances.
- (4) Borrowing instruments under the diversified funding strategy should include, inter alia, a variety of benchmark bonds and Treasury bills. NGEU borrowing operations should be organised as auctions, syndicated transactions, or private placement, whichever is most appropriate given the size and nature of the operation.
- (5) The diversified funding strategy should include the ability to issue short-term instruments, enabling the Commission to absorb mismatches in timing between borrowing and disbursements, and to meet a disbursement request in case of adverse funding conditions.
- (6) Debt management operations enable better management of interest rate and other financial risk. It is therefore appropriate to allow the use of derivatives such as swaps to manage interest rate or other financial risks in relation to loans for the Member States, or enter into secured or unsecured money market transactions with debt management offices of Member States, supranational institutions, national public sector agencies, or banks with an appropriate credit standing. In this context the Commission should also be authorised to buy back and hold own bonds for the purposes of liquidity management.
- (7) An annual borrowing framework decision should set out the elements of the planned borrowing operations over the planning period of one year. It should in particular determine the dimensions of the operations to be undertaken with a view to framing the overall exposure of the Union's budget and of Member States receiving loans. To this end, it should set a range for maximum issuance amounts of long-term and short-term funding, the average maturity of the Union's long-term funding and a limit for the amount per issuance.
- (8) With a view to ensuring that the required funds are available to meet commitments under NGEU programmes as they fall due for payment, the NGEU borrowing operations should be undertaken on the basis of twice-yearly funding plans which will frame those operations during this period by reference to the payments that must be made to implement programmes financed through Regulation (EU) 2020/2094. The

⁴ 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.).

establishment of the NGEU funding plan therefore ensures a direct link to the payment needs to satisfy the expenditure commitments that have been entered into under the corresponding legislative instruments. The NGEU funding plan should be established based on the limits set out in the annual borrowing framework decision. The main objective of the NGEU funding plan is to inform market participants of the indicative funding plans in the period ahead.

- (9) The definition of accurate and meaningful NGEU funding plans depends on the regular and timely communication of information by authorising officers responsible for the implementation of the NGEU programmes within the time-frames and amounts for expected payment approvals. This information should be communicated to the Directorate-General for the Budget as the service responsible for the definition and implementation of NGEU funding plans through the Commission financial forecasting tool.
- (10) By fixing an indicative maximum amount of borrowing covering, as a rule, a period of six months, and establishing certain other key parameters of the planned financial operations, the NGEU funding plan will also ensure higher predictability of issuances, while maintaining flexibility and providing for transparency in the markets. The targeted investor base needs information about upcoming supply and an indication on the timing to prepare investment planning on their side. The NGEU funding plan should serve as a basis for information by the Commission to the European Parliament and the Council in accordance with Article 5(3) of Decision (EU, Euratom) 2020/2053, as well as for communication to the markets and to the public.
- (11) Lending operations should be carried out in accordance with Regulation (EU) 2021/241 and the loan agreements. It is appropriate to lay down minimum conditions under which loans would be disbursed. It should also be ensured that Member States bear all costs related to the loan incurred by the Union in accordance with a methodology laid down by the Commission in specific guidelines for calculating such costs.
- (12) Member States should be offered the possibility to the use of derivatives for hedging interest rate risks. The costs for managing risks with derivatives should be borne by the beneficiary Member State.
- (13) Short-term borrowing operations should be implemented through regular auctions to provide flexibility and efficiency. Those auctions should be organised in such a manner as to ensure a transparent and predictable issuer status of the Union and an equal treatment of participants.
- (14) Borrowing operations under existing Union borrowing and lending programmes are carried out under the Debt Issuance Programme established in 2019 (the ‘Debt Issuance Programme’). This includes, inter alia, an Offering Circular containing all the required information to the markets according to the applicable legislation, and operational and contractual arrangements with counterparties that are instrumental to borrowing activities. NGEU borrowing operations should be carried out under the Debt Issuance Programme, following introduction of the necessary amendments in the existing documentation.
- (15) In order to implement NGEU borrowing and debt management operations under the diversified funding strategy, all the appropriate operational capacities should be established, including, inter alia, transaction settlement capacities, an auction platform, and the possibility to have recourse to repurchase transactions and swaps.

- (16) In order to ensure an effective and efficient implementation and to limit operational and financial risks, it is necessary to establish rules for NGEU borrowing, debt management and lending operations.
- (17) In order to carry out NGEU borrowing and lending operations the Commission should establish appropriate arrangements, including the opening of dedicated accounts exclusively for the purpose of NGEU, with the European Central Bank (ECB). Given that the Commission cannot make use of the cash buffers in the budget to address any urgent NGEU payment needs, it must address the liquidity risk of these operations by establishing secure and purpose-specific prudential cash holdings for payments. The requirement to hold such a dedicated prudential cash buffer represents an integral and indispensable part of the risk management approach for a diversified funding strategy, of the type referred to in Recital 18 of Decision (EU, Euratom) 2020/2053. In order to ensure that these critical cash holdings are not subject to any counterparty risk arising from failure of the institution with whom these reserves are kept, it is imperative that these prudential cash holdings be held with a central bank. Those cash holdings should be held in a dedicated account with the ECB and should be kept to the lowest level needed to meet upcoming payments during a short-term period, but may vary in amount as a function of the issuance and disbursement schedule. A contract on fiscal agency services should be concluded with the ECB allowing the coverage of the related costs.
- (18) Furthermore, in view of the unprecedented size and frequency of the operations and of the risks that they may entail, the budgetary implementation under NGEU should comprise an appropriate risk management and compliance framework for NGEU borrowing, debt management and lending operations in order to protect the financial interests of the Union and ensure that all activities under NGEU are conducted in a manner consistent with the highest standards of integrity, probity and sound financial and risk management. In that respect, the specific role of a Chief Risk Officer for NGEU operations (“the Chief Risk Officer”) should be established and his or her responsibilities defined. The role of the Chief Risk Officer could be formally extended to other borrowing programmes should such programmes be amended to bring them within the scope of the diversified funding strategy. As part of the framework, a Risk and Compliance Committee should be established to support the Chief Risk Officer in the fulfilment of the tasks of that officer.
- (19) The Chief Risk Officer, in accordance with best practices and state-of-the-art internal control standards, should draw up a High Level Risk and Compliance Policy that contains risk and compliance guidelines for the implementation of the NGEU operations in full independence.
- (20) In particular, the Chief Risk Officer should ensure that NGEU operations comply with the High Level Risk and Compliance Policy and that risks related to these operations are identified, understood, managed, and reported to the Chief Risk Officer. In carrying out those tasks, the Chief Risk Officer should be supported by a Compliance Officer, who should report directly to the Chief Risk Officer on matters regarding conformity with rules, procedures and prevention of money laundering and terrorist financing.
- (21) In view of the role of the Chief Risk Officer in the definition and operating the risk management and compliance, the respective provisions should only apply as of his or her first appointment. In particular, the obligation to consult the Chief Risk Officer on the NGEU funding plan and on internal acts and measures should not prevent the

adoption of decisions, which are needed to allow the implementation of NGEU operations, during the period prior to the appointment of the Chief Risk Officer.

- (22) The scope of this Decision should be limited to activities and operations carried out under NGEU,

HAS DECIDED AS FOLLOWS:

Chapter 1

Subject matter and definitions

Article 1

Subject matter

This Decision establishes the arrangements applicable to the following operations carried out by the Commission:

- (a) borrowing funds on capital markets of up to EUR 750 000 million in 2018 prices, in accordance with Article 5(1) of Decision (EU, Euratom) 2020/2053;
- (b) granting loans to Member States for the implementation of their recovery and resilience plan, in accordance with Article 15 of Regulation (EU) 2021/241.

Article 2

Definitions

For the purposes of this Decision, the following definitions apply:

- (1) ‘NGEU borrowing operations’ means operations on the markets, in particular debt issuances to borrow an amount of up to EUR 750 000 million in 2018 prices on the basis of the empowerment given to the Commission in Article 5(1) of Decision (EU, Euratom) 2020/2053, including roll-over borrowing;
- (2) ‘NGEU debt management operations’ means market operations related to the debt resulting from the NGEU borrowing operations to optimise the structure of outstanding debt and to mitigate interest rate, liquidity and other financial risks;
- (3) ‘NGEU lending operations’ means operations related to the implementation of loans referred to in Article 2(2), point (b), of Regulation (EU) 2020/2094 and in Article 6(1), point (b), of Regulation (EU) 2021/241;
- (4) ‘NGEU operations’ mean NGEU borrowing operations, NGEU debt management operations, and NGEU lending operations;
- (5) ‘NGEU programme’ means programmes financed under Article 2(2) of Regulation (EU) 2020/2094, in so far as it implements measures referred to in Article 1(2) of that Regulation;
- (6) ‘disbursement’ means the use of proceeds obtained by the Commission through borrowing operations to finance repayable or non-repayable support for the NGEU programmes;

- (7) ‘programme authorising officer’ means the authorising officer responsible, in accordance with Annex I to the Internal Rules established by Commission Decision C(2018) 5120⁵, for the implementation of the budget lines of an NGEU programme;
- (8) ‘swap’ means swap as defined in Section 1, point 10, of Annex III to Commission Delegated Regulation (EU) 2017/583⁶;
- (9) ‘derivatives’ means derivatives as defined in Article 2(5) of Regulation (EU) 648/2012 of the European Parliament and of the Council⁷;
- (10) ‘syndicated transaction’ means a transaction whereby financing is offered by a group of lenders, referred to as a syndicate, to a single borrower;
- (11) ‘auction’ means the issuance process of the Union and Euratom debt securities based on competitive bids through an auction platform;
- (12) ‘long-term funding’ means funding by NGEU borrowing operations for a term of more than one year;
- (13) ‘short-term funding’ means funding by NGEU borrowing operations for a term below or equal one year.

Chapter 2

NGEU operations

SECTION 1

NGEU FUNDING STRATEGY

Article 3

NGEU framework borrowing decision

1. The Commission shall adopt a framework borrowing decision which sets the maximum limits for the NGEU borrowing operations and NGEU debt management operations, which shall cover a period of one year (‘NGEU framework borrowing decision’).
2. The NGEU framework borrowing decision shall set out the following funding parameters:

⁵ Commission Decision C(2018) 5120 final of 3 August 2018 on the Internal Rules on the implementation of the general budget of the European Union (European Commission section) for the attention of the Commission departments.

⁶ Commission Delegated Regulation (EU) 2017/583 of 14 July 2016 supplementing Regulation (EU) No 600/2014 of the European Parliament and of the Council on markets in financial instruments with regard to regulatory technical standards on transparency requirements for trading venues and investment firms in respect of bonds, structured finance products, emission allowances and derivatives (OJ L 87, 31.3.2017, p. 229).

⁷ Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).

- (a) the maximum annual amount of long-term funding based on expected volumes of planned disbursements and of refinancing needs;
 - (b) the maximum annual amount of short-term funding based on the expected needs for liquidity buffer and temporary funding needs;
 - (c) the maximum outstanding amount per issuance reflecting the concentration risk at maturity;
 - (d) the maximum average maturity of long-term funding.
3. The following factors shall be taken into consideration for the preparation of the NGEU framework borrowing decision:
 - (a) the requirements stemming from the underlying legislative acts;
 - (b) the payment obligations to service outstanding debt and repayment of the principal, in accordance with the annual work programme and taking into account the financial programming;
 - (c) the compatibility with the limits set out in Article 6 of Decision (EU, Euratom) 2020/2053 for the additional own resources ceiling of 0,6 percentage points of the Member States' GNIs, and, for the case of planned repayment of borrowing from the Union's budget, with the limit set out in Article 5(2), third subparagraph, of that Decision;
 - (d) the loan maturities set out in the loan agreements concluded between the Commission and the beneficiary Member State in accordance with Article 15 of Regulation (EU) 2021/241;
 - (e) other factors relevant for the determination of the NGEU borrowing and debt management operations.
4. The NGEU framework borrowing decision shall be adopted before the commencement of the period covered by it.
5. The NGEU framework borrowing decision may be amended in particular in case of serious risk that the maximum average maturity could not be respected for reason of under-execution of issuances of the amounts of long-term funding or in case of the change to one or more factors referred to in paragraph 3.
6. The Commission shall communicate the NGEU framework borrowing decision to the European Parliament and the Council in accordance with Article 5(3) of Decision (EU, Euratom) 2020/2053.

Article 4

NGEU funding plan

1. The NGEU funding plan shall fix an indicative target for the funds to be raised through NGEU borrowing operations and managed through NGEU debt management operations, which shall cover as a rule a period of six months.
2. The NGEU funding plan shall indicate the planned NGEU borrowing operations and, as the case may be, NGEU debt management operations, to be carried out under the diversified funding strategy. Within the limits set out in the NGEU framework borrowing decision and taking into account the factors referred to in Article 3(3) and

financial conditions in the primary and secondary market, the NGEU funding plan shall include, inter alia, the following funding parameters:

- (a) the maximum expected amount of short-term and long-term funding for the period;
- (b) the weighted maximum average maturity of long-term funding to be undertaken;
- (c) an upper bound on the expected average liquidity to be available as reserve to meet payment needs for the planned period.

When establishing the NGEU funding plan, the opinion of the Chief Risk Officer referred to in Article 18(2)(a) shall be duly taken into account.

3. The NGEU funding plan shall be adopted before the commencement of the period covered by it.
4. The NGEU funding plan may be amended in case of substantial change to one or more factors referred to in Article 3(3).
5. On the basis of the adopted NGEU funding plan, the Commission shall inform the European Parliament and the Council in accordance with Article 5(3) of Decision (EU, Euratom) 2020/2053.

Article 5

Communication of projected disbursement needs for the purposes of preparing and implementing the NGEU funding plan

1. The NGEU funding plan shall be established on the basis of up-to-date information, to be provided to the Directorate General for the Budget by programme authorising officers, regarding the schedule of expected payments over the course of the six months period in question. The information provided shall be to the extent possible accurate and reliable.
2. One month before the adoption of the NGEU funding plan, programme authorising officers shall provide a detailed projection of disbursement needs for the NGEU programmes.
3. Programme authorising officers shall provide to the extent possible regular, accurate and reliable updates of the information provided in respect of projected payments, including changes in timelines for completion of procedures for payment approvals.
4. Programme authorising officers shall use the electronic system for the communication and updating of information on projected disbursements needs for the transmission of the information on payment forecasts to be established in accordance with Article 11(2)(h) for the purposes of communicating information required under paragraphs 1 to 3 of this Article.

Article 6

Implementation of the NGEU borrowing operations and NGEU debt management operations

1. The individual NGEU borrowing operations shall be undertaken in line with the latest applicable update of the NGEU funding plan for the period in question.

Based on the regular updates, provided under Article 5(3), of the information regarding the amounts and expected timing for approval of disbursements from programme authorising officers, the Director-General of the Directorate-General for the Budget shall issue regular instructions regarding the amounts to be raised through debt issuance.

The instructed amounts shall be raised by applying the diversified funding strategy defined in Article 7 while respecting the funding parameters of the NGEU funding plan set out in Article 4(2).

2. The NGEU borrowing operations and NGEU debt management operations shall respect the principle of sound financial management, which comprises the appropriate segregation of roles and responsibilities, information and reporting flows aimed at guaranteeing the independent oversight and accountability, and the legality and regularity of all transactions. Those operations shall be carried out in accordance with best practice in the market and respecting market conventions.

Article 7

Diversified funding strategy

1. When carrying out the NGEU borrowing operations and NGEU debt management operations to achieve the indicative targets of the NGEU funding plan, the Commission services shall apply a diversified funding strategy.
2. In implementing the diversified funding strategy, the Commission services shall apply the following principles, as appropriate, in full respect of the principle of sound financial management, to borrow the required funding to meet in due time the needs of the NGEU programmes for repayable and non-repayable support, and to manage the resulting debt as efficiently and expeditiously as possible, while ensuring advantageous repayment conditions for the Union budget and Member States:
 - (a) NGEU borrowing operations and NGEU debt management operations may be conducted on the primary market, on the secondary market and on money markets;
 - (b) NGEU borrowing operations shall be organised through a programme of individual borrowings of different maturities, ranging from short-term to long-term funding up to a maximum maturity of 31 years;
 - (c) NGEU borrowing operations may be organised through a mix of syndicated transactions and auctions, and private placements, in both cases relying on the services of credit institutions admitted to the primary dealers network established under Decision C(2021) 2500;
 - (d) the resulting debt may be rolled-over for the sake of maturity management;
 - (e) cash flow mismatches and liquidity risk shall be managed through measures of short-term liquidity management of amounts held on a dedicated account.
3. Where required to ensure a better management of interest rate and other financial risk arising in the execution of the diversified funding strategy, the Commission services may also use NGEU debt management operations that may consist in using derivatives such as swaps to manage interest rate or other financial risks, or may

imply entering into secured or unsecured money market transactions with debt management offices of Member States, supranational institutions, national public sector agencies, or credit institutions with an appropriate credit standing. For this purpose, the Commission services may buy back and hold own bonds. In particular, swaps may only be used for the hedging of interest rate risks borne by Member States benefitting from loans. The costs for managing risks with derivatives shall be borne by the beneficiary of the risk management operation.

SECTION 2

NGEU LENDING OPERATIONS

Article 8

NGEU lending operations

The implementation of NGEU lending operations shall be carried out in accordance with the specific rules laid down in Regulation (EU) 2021/241, as well as the conditions laid down in the loan agreements concluded between the Commission and the beneficiary Member State in accordance with Regulation (EU) 2021/241.

Article 9

Disbursements and acceleration of the loan

The disbursement of loan instalments or tranches shall be done as efficiently and expeditiously as possible, subject to availability of funding. The loan agreements shall contain an unconditional and irrevocable commitment of the beneficiary Member State to bear all costs related to the borrowing, including administrative costs, and to repay the principal amount and interests and may allow the use of derivatives, in particular swaps.

The loan agreements shall contain an acceleration clause that entitles the Commission to ask for early repayment of the loan, inter alia, in accordance with Articles 22(5) and 24(9) of Regulation (EU) 2021/241 and for recovery of pre-financing not cleared.

Article 10

Costs of the loan

All costs, inclusive those associated with the management of interest rate and other financial risk, incurred by the Union in relation to the borrowing of funds for the loans shall be borne by the beneficiary Member States, in accordance with Article 220 of the Financial Regulation and Article 15(3) of Regulation (EU) 2021/241 and shall be calculated according to a methodology laid down by the Commission in specific guidelines, in full respect of the principles of transparency and equal treatment.

Any costs incurred by the Union for derivatives shall be borne by the beneficiary Member State.

The costs shall be regularly invoiced to the beneficiary Member State.

SECTION 3

IMPLEMENTATION AND REPORTING

Article 11

Establishment of operational capacities

1. The implementation of the NGEU borrowing and lending operations and NGEU debt management operations under the diversified funding strategy shall incorporate the establishment and management of the operational capacities ensuring that the systems put in place uphold sound financial management and are subject to robust risk management and documentation of processes and decisions.
2. These operational capacities shall in particular include:
 - (a) negotiating, reviewing and signing of agreements with public or private credit institutions and national or international central securities depositories required for the conclusion of transaction settlement;
 - (b) reviewing, amending, changing, redrafting and finalising the borrowing documentation, including the documentation under the Debt Issuance Programme;
 - (c) establishing arrangements and rules for the organisation of auctions, including agreements with external providers of systems and constant oversight of the performance of auctions;
 - (d) implementing individual borrowing transactions through syndicated transactions and private placements;
 - (e) calculating costs incurred in accordance with the methodology to be laid down by the Commission in specific guidelines to be charged to the Union's budget and to the Member States in the context of NGEU lending operations;
 - (f) carrying out secondary market transactions, unsecured and secured money market transactions and derivatives transactions;
 - (g) negotiating, reviewing and signing of agreements on the following transactions and instruments:
 - (i) repurchase transactions or reverse-repurchase transactions as defined in Article 3(9) of Regulation (EU) 2015/2365 of the European Parliament and of the Council⁸, buy-sell back transactions or sell-buy back transactions as defined in Article 3(8) of Regulation (EU) 2015/2365 and other transactions giving rise to liabilities;
 - (ii) derivatives, such as swaps, for the purpose of management and hedging of risks for the sole purpose of loans.

⁸ Regulation (EU) 2015/2365 of the European Parliament and of the Council of 25 November 2015 on transparency of securities financing transactions and of reuse and amending Regulation (EU) No 648/2012 (OJ L 337, 23.12.2015, p. 1).

- (h) establishing an electronic system for the communication and updating of information on projected disbursements needs referred to in Article 4(3).

Article 12

Reporting on the implementation of NGEU operations

The Commission shall establish a report on the execution of NGEU operations twice per year. The report shall be submitted to the European Parliament and the Council in accordance with Article 5(3) of Decision (EU, Euratom) 2020/2053.

Chapter 3

Accounting and the Accounting Officer

Article 13

NGEU account for management of proceeds

1. The proceeds related to the NGEU operations shall be managed through an account ('NGEU account') opened by the Commission's Accounting Officer. The Accounting Officer shall delegate the management of this account to relevant services in the Directorate-General of the Budget who shall manage it in line with the rules, principles and procedures set out in this Decision.
2. The NGEU account shall be held with the ECB on the basis of a contract on fiscal agency services. It shall be used for dedicated prudential cash holdings which shall be adapted to the amounts of upcoming payments.

Article 14

Accounting for amounts held on the NGEU account

The Accounting Officer shall be responsible for ensuring the appropriate accounting for all NGEU operations in accordance with the Union accounting rules and with Title XIII of the Financial Regulation.

Article 15

Establishment of NGEU financial statements

1. The Accounting Officer shall be responsible for the preparation of annual financial statements in respect of the NGEU operations in accordance with the accounting standards and based on the information supplied by the programme authorising officers.
2. The NGEU's financial statements shall be part of the consolidated annual accounts of the Union budget.

Chapter 4

Risk Management and Compliance

Article 16

Role of Chief Risk Officer for NGEU operations

1. The role of Chief Risk Officer shall be established to ensure that the systems and processes used to implement the NGEU operations are designed and implemented in a manner that ensures to the greatest extent possible the protection of the financial interests of the Union and the sound financial management of the proceeds.
2. The role of Chief Risk Officer shall be exercised independently of the functions and tasks related to the planning, implementation, execution and accounting for NGEU operations. The Chief Risk Officer shall enjoy autonomy in carrying out the tasks and responsibilities described in this Chapter 4 and shall be provided with the necessary resources.
3. The Chief Risk Officer shall report directly to the Member of the College responsible for the Budget with respect to the responsibilities set out in Chapter 4.
4. A staff member entrusted with the role of Compliance officer shall report directly to the Chief Risk Officer on matters set out in Article 17(4).

Article 17

Establishment of a High Level Risk and Compliance Policy

1. The Chief Risk Officer shall draw up a High Level Risk and Compliance Policy that shall identify the principal risks to the financial interests of the Union arising from the implementation of the NGEU operations. In this context he or she shall take into account the principles for risk recognition and assessment, according to which an effective internal control system identifies and continuously assesses the principal risks.
2. The High Level Risk and Compliance Policy shall provide the overarching framework for the risk management guidelines applicable to the NGEU operations.
3. The High Level Risk and Compliance Policy shall identify all salient risks, including liquidity, counterparty and operational risks, arising from the implementation of the NGEU operations and shall set out for each risk the high-level risk appetite, the general methodologies to measure the risk exposure, the monitoring and reporting requirements as well as the escalation mechanism to be taken in case of breaches or non-compliance. It shall verify the solidity of procedures needed to ensure the probity, integrity and transparency of NGEU operations and shall limit any financial or operational risk appropriately.
4. The High Level Risk and Compliance Policy shall also include the following rules and procedures:

- (a) rules and procedures to be respected by persons who are responsible for the operational implementation and execution of the diversified funding strategy; and;
 - (b) rules and procedures to prevent money laundering, terrorist financing, execution of NGEU operations by entities incorporated in or established in jurisdictions listed under the relevant policy on non-cooperative jurisdictions or that are identified as high-risk countries pursuant to Article 9(2) of Directive (EU) 2015/849 of the European Parliament and of the Council⁹, or that do not effectively comply with Union or internationally agreed tax standards on transparency and exchange of information, breaches of sanction regimes and other relevant financial irregularities.
5. The High Level Risk and Compliance Policy shall be drawn up within three months of the date of the appointment of the Chief Risk Officer.
6. The High Level Risk and Compliance Policy shall be submitted by the Chief Risk Officer to the Member of the College responsible for the Budget for approval.

Article 18

Role of the Chief Risk Officer

1. The Chief Risk Officer shall monitor that the High Level Risk and Compliance Policy is implemented in a comprehensive and consistent manner.
2. In particular, the Chief Risk Officer shall carry out the following tasks:
 - (a) issue an opinion on the draft NGEU funding plan;
 - (b) review internal rules and guidance documents issued by the Director General of the Directorate-General for the Budget for the implementation of this Decision for consistency with the High Level Risk and Compliance Policy, that he or she may request their modification;
 - (c) establish and oversee continued compliance with robust processes for risk identification, quantification and monitoring;
 - (d) identify potential breaches of the High Level Risk and Compliance Policy or of other risk related guidelines, policies and limits and recommend possible steps to be taken in case of breaches or non-compliance.

Article 19

Reporting by the Chief Risk Officer

1. The Chief Risk Officer shall regularly report on material risks and on the compliance with rules and procedures set according to Article 17(4) to the Member of the College responsible for the Budget, to the Risk and Compliance Committee, to the Director-General of the Directorate-General for the Budget and to the Accounting

⁹ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

Officer. He shall also provide regular information on risks and limits to persons who are responsible for the operational execution of the diversified funding strategy.

The Director-General of the Directorate-General for the Budget shall, without undue delay, take necessary measures to address those findings and may give explanations to the Chief Risk Officer.

When reporting to the Member of the College responsible for the Budget, the Chief Risk Officer may also, as appropriate, inform that Member about the findings referred to in the second subparagraph and about the deliberations of the Risk and Compliance Committee.

2. The Chief Risk Officer shall report on the implementation of the High Level Risk and Compliance Policy to the Commission once per year.

Article 20

Role of the Risk and Compliance Committee

1. A Risk and Compliance Committee shall be established to support the Chief Risk Officer in the conduct of responsibilities of that officer.
2. The Risk and Compliance Committee shall:
 - (a) be consulted by the Chief Risk Officer on the High Level Risk and Compliance Policy;
 - (b) support the Chief Risk Officer in the tasks referred to in Article 18(2), points (a), (b) and (c);
 - (c) participate in evaluating, monitoring and approving practices regarding the implementation of the High Level Risk and Compliance Policy and relating to the risk management of the NGEU operations;
 - (d) support the Chief Risk Officer in assessing emerging risk exposures in connection with NGEU operations, and be informed by the Chief Risk Officer about exceeding of limits set to reduce risks or non-compliance with the High Level Risk and Compliance Policy, and other risk related guidelines, policies and limits.

Article 21

Members and organisation of the Risk and Compliance Committee

1. Members of the Risk and Compliance Committee shall be the Chief Risk Officer, the Accounting Officer of the Commission, the Compliance officer, two staff members from Directorates-General whose functions entail knowledge of risk management and of financial markets supervision, and two staff members of the Directorate-General for the Budget designated by the Director General of the Directorate-General for the Budget.
2. Twice a year, the Risk and Compliance Committee shall invite two external experts who shall give opinions and participate in deliberations without voting rights on matters brought before the Committee. One of those meetings shall be dedicated to a comprehensive review of the High Level Risk and Compliance Policy.

3. The Risk and Compliance Committee shall, where possible, adopt positions on the basis of consensus or, when a consensus is not reached, on the basis of a simple majority of its members. In the event of a tied vote, the vote of the Chief Risk Officer shall be decisive.
4. The Risk and Compliance Committee may adopt its rules of procedure.

Chapter 5

Transitional and final provision

Article 22

Entry into force

This Decision enters into force on the day of its adoption.

However, the NGEU operations shall only be implemented as from the date of entry into force of Decision (EU, Euratom) 2020/2053.

Chapter 4 shall apply as from the date of the first appointment of the Chief Risk Officer.

The obligation to consult the Chief Risk Officer set out in Article 4(2), second subparagraph shall only apply as of the 15th working day following the date of the first appointment of the Chief Risk Officer.

Done at Brussels, 14.4.2021

For the Commission
Johannes HAHN
Member of the Commission