Validation of legal entities
New Participants via the Beneficiary Register on the Participant Portal

On basis of documents REA VS & DG BUDG validate data

Attribution of status and validated PIC number

Mandatory LEAR nomination process on basis of blue ink signature

If needed, financial viability check

1. Validation Workflow (1)
1. Validation Workflow (2)

- The validation of a participant is unique and valid throughout the entire H2020 programmes. 40,000 FP7 validated entities are migrated into H2020.

- During the validation of a legal entity, the REA VS verifies: (i) legal existence, (ii) H2020 status of an applicant, (iii) Extended Mandate of the LEAR and (iv) financial viability (when required).

- Validation is required for all entities.
1. Validation Workflow (3)

- Validation is generally performed on the basis of supporting documents.

- The PIC number of third parties not included in the original proposal must be introduced in the Participant Portal Grant Management Service (PPGMS).
  
  NB: If the third party is a brand new participant, it has to go through the registration in order to obtain the PIC.

- Only when the PPGMS session is closed, the REA VS are alerted that an additional validation is needed for that project => !Close session!
2. Documents for validation (1)

- Legal entities form (duly completed and signed)
- VAT extract (if applicable)
- Copies of Registration extract (for private organisations), law/decree (for public entities), Treaty (for international organisations)
- Copies of Statutes (if entity declares non-profit status)
  - Upload can be done from the Participant Portal: pdf copies are accepted
  - For doing so, select 'my organisations' on the Participant Portal, and click on 'View Organisation' or 'Modify Organisation'
  - This can be done by LEAR (for valid PIC) or self-registrant (for declared PIC)
  - Check messages under PIC for follow-up requests from VS
Research organisations:

2 conditions have to be met:

- Entity must be non-profit. This status is verified by the REA VS.
- Entity performs research activities. This status is based on self-declaration **(no legal documents required)**.

**NB Definition of non-profit organisations:**

"A legal entity which, by its legal form, is non-profit making AND/OR which has a statutory obligation not to distribute profits to its shareholders or individual members."
SME status via the Web-based SME questionnaire (no documents required for VS)

- Questionnaire was launched 27/02/14
- More than 10000 self-assessments have been done via the wizard: 84% have got the SME "yes"
- Ex-post checks of the status will be carried out by the REA in 2015 on a random basis and/or upon request of the operational services
  - In this case, supporting documents will be required!
2. Documents for validation (4)

SME wizard:

NEW in H2020
3. The LEAR (1)

- Under H2020 the LEAR nomination is mandatory because the LEAR's mandate has been extended. The LEAR:
  
  - (i) Notifies the EU of changes in legal data/status;
  
  - (ii) Submits FVC documents if required;
  
  - (iii) Nominates in the PP the persons who act as legal representatives and signatories for the organisation and
  
  - (iv) Nominates in the PP the persons who sign financial statements.
  
  - (v) Share an organisation's PIC code with colleagues

- The re-validation of FP7 LEAR's has started early this year. The REA has contacted all most recurrent FP7 clients and has already nominated 7500 LEARs with extended H2020 mandate.
3. The LEAR (2)

Documents required for LEAR's extended mandate:

- Letter of Appointment (duly signed by legal representative)
- Roles and Duties (duly signed by LEAR and legal representative)
- Declaration of Consent (duly signed by legal representative)
- Copies ID card of the LEAR and ID card of the legal representative
- Proof of nomination legal representative

Send original signed forms via postal mail: pdf copies and electronic signatures are NOT accepted
Once Lear data are encoded in database:

1. The LEAR's name and email address are sent to service desk for creation of the LEAR account
   - Name LEAR and email for LEAR account shall match name and email address of the known ECAS account
   - New LEAR or new email = new account

2. REA VS confirm the LEAR appointment

3. PIN code is sent by service desk via postal mail
   - Urgent request for PIN code: send an email to EC-Research-IT-helpdesk@ec.europa.eu
7. Guidance documents


- It includes a dedicated section on the legal and financial validation rules as well as the LEAR role and tasks.
Financial capacity check
New Participants via the Beneficiary Register on the Participant Portal

On basis of documents REA VS & DG BUDG validate data

Core Data

H2020 Status

Attrition of status and validated PIC number

LEAR

Mandatory LEAR nomination process on basis of blue ink signature

If needed, financial viability check

FVC

1. Validation Workflow (1)
In general, the financial capacity is checked if:

- The beneficiary is a **coordinator**, and
- The requested EU **funding** for the project is \( \geq 500\,000 \text{ EUR} \).

Applicants for mono-beneficiary grants are not considered as "coordinators'.

Upon request by the Authorising Officer, a financial viability check can be performed on any participant.
• The FVC assessment for successful applicants is carried out by the REA via the Beneficiary Register. Ratios (weak, acceptable, good) are displayed online.

• At proposal level, coordinators are asked to self-declare on their financial capacity. For this self-declaration the same tool used for the formal assessment of the REA is available in the Participant Portal. Those results, though, do not commit the Commission and if needed later on, a FVC will be performed by the EC services against supporting documents.

• Final decision on the participation of an applicant with a 'WEAK' FVC result (based on the ratios) is taken by the Authorising Officer for each individual project.
In case of "weak" or "insufficient" financial capacity, the Authorising Officer must inform the beneficiary concerned of the measure he intends to take and how to appeal.

If financial capacity is "weak", the beneficiary cannot act as coordinator but may participate. The Consortium must put forward a solution. The Authorising Officer may consider additional monitoring of the beneficiary.

If financial capacity is "insufficient", the beneficiary cannot participate to the project. The Consortium must put forward a solution. The proposal may be rejected
7. Guidance documents


- It includes a dedicated section on the legal and financial validation rules as well as the LEAR role and tasks.