

FP7 Grant Agreement - Annex II General Conditions

II.1.	Definitions.....	2
Part A	IMPLEMENTATION OF THE <i>PROJECT</i>	3
	SECTION 1 – GENERAL PRINCIPLES.....	3
II.2.	Organisation of the <i>consortium</i> and role of <i>coordinator</i>	3
II.3.	Specific performance obligations of each <i>beneficiary</i>	4
	SECTION 2 – REPORTING AND PAYMENTS.....	6
II.4.	Reports and deliverables.....	6
II.5.	Approval of reports and deliverables, time-limit for payments.....	8
II.6.	Payment modalities.....	9
	SECTION 3 – IMPLEMENTATION.....	10
II.7.	Subcontracting.....	10
II.8.	Suspension of the <i>project</i>	11
II.9.	Confidentiality and <i>classified information</i>	11
II.10.	Communication of data for evaluation, impact assessment and standardisation purposes	12
II.11.	Information to be provided to Member States or Associated Countries.....	13
II.12.	Information and communication.....	13
II.13.	Processing of personal data.....	14
Part B	FINANCIAL PROVISIONS.....	14
	SECTION 1 – GENERAL FINANCIAL PROVISIONS.....	14
II.14.	Eligible costs of the <i>project</i>	14
II.15.	Identification of direct and indirect costs.....	15
II.16.	Upper funding limits.....	17
II.17.	Receipts of the <i>project</i>	18
II.18.	<i>Community financial contribution</i>	18
II.19.	Interest yielded by pre-financing provided by the <i>Commission</i>	19
	SECTION 2 – GUARANTEE FUND.....	19
II.20.	Financial responsibility.....	19
II.21.	Guarantee fund.....	19
	SECTION 3 – CONTROLS, RECOVERIES AND SANCTIONS.....	21
II.22.	Financial audits and controls.....	21
II.23.	Technical reviews.....	22
II.24.	Liquidated damages and financial penalties.....	23
A.	Liquidated damages.....	23
B.	Financial penalties.....	24
II.25.	Reimbursement to the <i>Commission</i> and recovery orders.....	24
Part C	INTELLECTUAL PROPERTY RIGHTS, <i>USE AND DISSEMINATION</i>	25
	SECTION 1 – <i>FOREGROUND</i>	25
II.26.	Ownership.....	25
II.27.	Transfer.....	25
II.28.	Protection.....	26
II.29.	<i>Use</i>	27
II.30.	<i>Dissemination</i>	27
	SECTION 2 – <i>ACCESS RIGHTS</i>	28
II.31.	<i>Background</i> covered.....	28
II.32.	Principles.....	28
II.33.	<i>Access rights</i> for implementation.....	29
II.34.	<i>Access rights</i> for <i>use</i>	29
	FINAL PROVISIONS.....	30
II.35.	Requests for amendments and termination at the initiative of the <i>consortium</i>	30

II.36.	Approval of amendments and termination requested by the <i>consortium</i>	31
II.37.	Competitive calls	32
II.38.	Termination of the <i>grant agreement</i> or of the participation of one or more <i>beneficiaries</i> at the <i>Commission's</i> initiative	32
II.39.	Financial contribution after termination and other termination consequences	34
II.40.	Force majeure.....	35
II.41.	Assignment	35
II.42.	Liability.....	35

II.1. Definitions

1. "*access rights*" means licences and user rights to *foreground* or *background*;
2. "*affiliated entity*" means any legal entity that is under the direct or indirect control of a *beneficiary*, or under the same direct or indirect control as the *beneficiary*, control taking any of the following forms:
 - (a) the direct or indirect holding of more than 50% of the nominal value of the issued share capital in the legal entity concerned, or of a majority of the voting rights of the shareholders or associates of that entity;
 - (b) the direct or indirect holding, in fact or in law, of decision-making powers in the legal entity concerned.
3. "*associated country*" means a *third country* which is party to an international agreement with the *Community*, under the terms or on the basis of which it makes a financial contribution to all or part of the Seventh Framework Programme;
4. "*background*" means information which is held by *beneficiaries* prior to their accession to this agreement, as well as copyrights or other intellectual property rights pertaining to such information, the application for which has been filed before their accession to this agreement, and which is needed for carrying out the *project* or for using *foreground*;
5. "*dissemination*" means the disclosure of *foreground* by any appropriate means other than that resulting from the formalities for protecting it, and including the publication of *foreground* in any medium;
6. "*fair and reasonable conditions*" means appropriate conditions including possible financial terms taking into account the specific circumstances of the request for access, for example the actual or potential value of the *foreground* or *background* to which access is requested and/or the scope, duration or other characteristics of the *use* envisaged;
7. "*foreground*" means the results, including information, whether or not they can be protected, which are generated under the *project*. Such results include rights related to copyright; design rights; patent rights; plant variety rights; or similar forms of protection;
8. "*use*" means the direct or indirect utilisation of *foreground* in further research activities other than those covered by the *project*, or for developing, creating and marketing a product or process, or for creating and providing a service;
9. "*third country*" means a State that is not a Member State;

10. "*irregularity*" means any infringement of a provision of *Community* law or any breach of obligation resulting from an act or omission by a *beneficiary* which has, or would have, the effect of prejudicing the general budget of the European Communities or budgets managed by them through unjustified expenditure;
11. "*public body*" means any legal entity established as such by national law, and international organisations;
12. A "*non-profit*" legal entity is qualified as such when recognised by national or international law;
13. "*research organisation*" means a legal entity established as a *non-profit* organisation which carries out research or technological development as one of its main objectives;
14. "*SMEs*" mean micro, small and medium-sized enterprises within the meaning of Recommendation 2003/361/EC in the version of 6 May 2003;

Part A IMPLEMENTATION OF THE *PROJECT*

SECTION 1 – GENERAL PRINCIPLES

II.2. Organisation of the *consortium* and role of *coordinator*

1. All the *beneficiaries* together form the *consortium*, whether or not they enter into a separate written *consortium agreement*. *Beneficiaries* are represented towards the *Commission* by the *coordinator*, who shall be the intermediary for any communication between the *Commission* and any *beneficiary*, with the exceptions foreseen in this *grant agreement*.
2. The *Community financial contribution* to the *project* shall be paid to the *coordinator* who receives it on behalf of the *beneficiaries*. The payment of the *Community financial contribution* to the *coordinator* discharges the *Commission* from its obligation on payments.
3. The *coordinator* shall:
 - a) administer the *Community* contribution regarding its allocation between *beneficiaries* and activities, in accordance with this *grant agreement* and the decisions taken by the *consortium*. The *coordinator* shall ensure that all the appropriate payments are made to the other *beneficiaries* without unjustified delay;
 - b) keep the records and financial accounts making it possible to determine at any time what portion of the *Community financial contribution* has been paid to each *beneficiary* for the purposes of the *project*;
 - c) inform the *Commission* of the distribution of the *Community financial contribution* and the date of transfers to the *beneficiaries*, when required by this *grant agreement* or by the *Commission*;
 - d) review the reports to verify consistency with the *project* tasks before transmitting them to the *Commission*;
 - e) monitor the compliance by *beneficiaries* with their obligations under this *grant agreement*.

The *coordinator* may not subcontract the above-mentioned tasks.

4. *Beneficiaries* shall fulfil the following obligations as a *consortium*:

- a) provide all detailed data requested by the *Commission* for the purposes of the proper administration of this *project*;
- b) carry out the *project* jointly and severally vis-à-vis the *Community*, taking all necessary and reasonable measures to ensure that the *project* is carried out in accordance with the terms and conditions of this *grant agreement*.
- c) make appropriate internal arrangements consistent with the provisions of this *grant agreement* to ensure the efficient implementation of the *project*. When provided for in Article 1.4 these internal arrangements shall take the form of a written *consortium agreement* (the "*consortium agreement*"). The *consortium agreement* governs *inter alia* the following:
 - i. the internal organisation of the *consortium* including the decision making procedures;
 - ii. **rules on dissemination and use, and access rights;**
 - iii. the distribution of the *Community financial contribution*;
 - iv. **the settlement of internal disputes, including cases of abuse of power;**
 - v. liability, indemnification and confidentiality arrangements between the *beneficiaries*.
- d) engage, whenever appropriate, with actors beyond the research community and with the public in order to foster dialogue and debate on the research agenda, on research results and on related scientific issues with policy makers and civil society; create synergies with education at all levels and conduct activities promoting the socioeconomic impact of the research.
- e) allow the *Commission* to take part in meetings concerning the *project*.

II.3. Specific performance obligations of each *beneficiary*

Each *beneficiary* shall:

- a) carry out the work to be performed, as identified in Annex I. However, where it is necessary for the implementation of the *project* it may call upon third parties to carry out certain elements, according to the conditions established in Article II.7 or any special clause in Article 7. The *beneficiary* may use resources that are made available by third parties in order to carry out its part of the work;
- b) ensure that any agreement or contract entered into between the *beneficiary* and any third party contain provisions that this third party, including the auditor providing the certification of costs or on the methodology, shall have no rights in respect of the *Commission* under this *grant agreement*;
- c) ensure that the rights of the *Commission* and the Court of Auditors to carry out audits are extended to the right to carry out any such audit or control on any third party whose costs are reimbursed in full or in part by the *Community financial contribution*, on the same terms and conditions as those indicated in this *grant agreement*;

- d) ensure that the conditions applicable to it under Articles II.10, II.11, II.12, II.13 and II.22 are also applicable to any third party whose costs are claimed under the *project* according to the provisions of this *grant agreement*;
- e) ensure that the tasks assigned to it are correctly and timely performed;
- f) inform the other *beneficiaries* and the *Commission* through the *coordinator* in due time of:
- the names of the person(s) who shall manage and monitor its work, and its contact details as well as any changes to that information;
 - any event which might affect the implementation of the *project* and the rights of the *Community*;
 - any change in its legal name, address and of its legal representatives, and any change with regard to its legal, financial, organisational or technical situation including change of control and, in particular, any change of status as regards *non-profit public bodies*, secondary and higher education establishments, *research organisations* and *SMEs*;
 - any circumstance affecting the conditions of participation referred to in the *Rules for Participation*, the *Financial Regulation* and its implementing rules or of any requirements of the *grant agreement*, especially if and when any eligibility criteria cease(s) to be met during the duration of the *project*.
- g) provide the *Commission* and Court of Auditors directly with all information requested in the framework of controls and audits;
- h) take part in meetings concerning the supervision, monitoring and evaluation of the *project* which are relevant to it;
- i) take all necessary steps to avoid commitments that are incompatible with the obligations provided for in this *grant agreement* and inform the other *beneficiaries* and the *Commission* of any unavoidable obligations which may arise during the duration of the *grant agreement* which may have implications for any of its obligations under the *grant agreement*;
- j) ensure that they comply with the provisions of the State aid framework;
- k) carry out the *project* in accordance with fundamental ethical principles;
- l) endeavour to promote equal opportunities between men and women in the implementation of the *project*;
- m) have regard to the general principles of the Commission Recommendation of 11 March 2005 on the European Charter for Researchers and the Code of Conduct for the Recruitment of Researchers, in particular concerning the working conditions, transparency of recruitment processes, and career development of the researchers recruited for the *project*;
- n) take every necessary precaution to avoid any risk of conflict of interest relating to economic interests, political or national affinities, family or emotional ties or any other interests liable to influence the impartial and objective performance of the *project*.

SECTION 2 – REPORTING AND PAYMENTS

II.4. Reports and deliverables

1. The *consortium* shall submit a **periodic report** to the *Commission* for each reporting period within 60 days after the end of each respective period. The reporting shall comprise:
 - a) an overview, including a publishable summary, of the progress of work towards the objectives of the *project*, including achievements and attainment of any milestones and deliverables identified in Annex I. This report should include the differences between work expected to be carried out in accordance with Annex I and that actually carried out,
 - b) an explanation of the use of the resources, and
 - c) a financial statement (Form C - Annex VI), from each *beneficiary* together with a summary financial report consolidating the claimed *Community* contribution of all the *beneficiaries* in an aggregate form, based on the information provided in Form C by each *beneficiary*.
2. The *consortium* shall submit a **final report** to the *Commission* within 60 days after the end of the *project*. The report shall comprise:
 - a) a final publishable summary report covering results, conclusions and socio-economic impact of the *project*.
 - b) a report covering the wider societal implications of the *project*, including gender equality actions, ethical issues, efforts to involve other actors and spread awareness as well as the plan for the *use* and *dissemination* of foreground.
3. The *coordinator* shall submit a report on the distribution of the *Community financial contribution* between *beneficiaries*. This report must be submitted 30 days after receipt of the final payment of the *Community financial contribution*.
4. A **certificate on the financial statements** shall be submitted for claims of interim payments and final payments when the amount of the *Community financial contribution* claimed by a *beneficiary* under the form of reimbursement of costs is equal to or superior to € 375.000, when cumulated with all previous payments for which a certificate on the financial statements has not been submitted. This certificate must be forwarded in the form of a detailed description verified as factual by its external auditor (Form D - Annex VII). However, for *projects* of a duration of 2 years or less, the certificate on the financial statements shall be submitted only for claims on final payments when the amount of the *Community financial contribution* claimed by a *beneficiary* is equal to or superior to € 375.000 when cumulated with all previous payments.

The *Commission* may, at its sole discretion, accept at the request of a *beneficiary*, that it submits a **certificate on the methodology**, which it used to prepare its claims with regard to both personnel and overhead costs, and the related control systems. This certificate must be forwarded in the form of a detailed description verified as factual by its external auditor (Form E - Annex VII). When this certificate is accepted by the *Commission*, the requirement to provide an intermediate certificate on the financial statements for claims of interim payments shall be waived.

Certificates on financial statements shall certify that the costs claimed and the *receipts* declared during the period for which it is provided, as well as the declaration of the interests yielded by the pre-financing meet the conditions required by this *grant agreement*. Where third parties' costs

are claimed under the *grant agreement*, such costs shall be certified in accordance with the provisions of this Article. The auditor shall include in its certification that no conflict of interest exists between it and the *beneficiary* in establishing this certificate.

Certificates on the financial statements and on the methodology shall be prepared and certified by an external auditor and shall be established in accordance with the terms of reference attached as Annex VII to this *grant agreement*. Each *beneficiary* is free to choose any qualified external auditor, including its usual external auditor, provided that the cumulative following requirements are met:

- i) the auditor must be independent from the *beneficiary*;
- ii) the auditor must be qualified to carry out statutory audits of accounting documents in accordance with national legislation implementing the 8th Council Directive on statutory audits of annual account and consolidated accounts¹ or any *Community* legislation replacing this Directive. *Beneficiaries* established in *third countries* shall comply with national regulations in the same field and the certificate on the financial statement provided shall consist of an independent report of factual findings based on procedures specified by the *Community*.

Public bodies, secondary and higher education establishments and *research organisations* may opt for a competent public officer to provide their certificate on financial statements and on the methodology, provided that the relevant national authorities have established the legal capacity of that competent public officer to audit that entity and that the independence of that officer, in particular regarding the preparation of the financial statements, can be ensured.

Certification by external auditors according to this Article does not affect the liability of *beneficiaries* nor the rights of the *Community* arising from this *grant agreement*.

5. The *consortium* shall transmit the reports and other deliverables through the *coordinator* to the *Commission* by electronic means. In addition, Form C, must be signed by the authorised person(s) within the *beneficiary's* organisation, and the certificates on the financial statements and on the methodology must be signed by an authorised person of the auditing entity, and the original shall be sent to the *Commission*.

5. The layout and content of the reports shall conform to the instructions and guidance notes established by the *Commission*.

6. The reports submitted to the *Commission* for publication should be of a suitable quality to enable direct publication and their submission to the *Commission* in publishable form indicates that no confidential material is included therein.

7. Deliverables identified in Annex I shall be submitted as foreseen therein.

8. The *Commission* may be assisted by external experts in the analysis and evaluation of the reports and deliverables.

¹ Directive 2006/43/EC of the European Parliament and of the Council of 17 May 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC

II.5. Approval of reports and deliverables, time-limit for payments

1. The *Commission* shall evaluate *project reports and deliverables* required by the provisions of Annex I and disburse the corresponding payments within 105 days of their receipt unless the time-limit, the payment or the *project* has been suspended.
2. Payments shall be made after the *Commission's* approval of reports and/or deliverables. The absence of a response from the *Commission* within this time-limit shall not imply its approval. The *Commission* may reject reports and deliverables even after the time-limit for payment. Approval of the reports shall not imply recognition of their regularity or of the authenticity of the declarations and information they contain and do not imply exemption from any audit or review.
3. After reception of the reports the *Commission* may:
 - a) approve the reports and deliverables, in whole or in part or make the approval subject to certain conditions.
 - b) reject the reports and deliverables by giving an appropriate justification and start the procedure for termination of the *grant agreement* in whole or in part.
 - c) suspend the **time limit** if the reports or appropriate deliverables have not been supplied, or are not complete or if some clarification or additional information is needed or there are doubts concerning the eligibility of costs claimed in the financial statement and/or additional checks are being conducted. The suspension will be lifted from the date when the last report, deliverable or the additional information requested is received by the *Commission*.

The *Commission* shall inform the *consortium* in writing via the *coordinator* of any such suspension and the conditions to be met for the lifting of the suspension.

Suspension shall take effect on the date when notice is sent by the *Commission*.

- d) suspend **the payment** at any time:
 - if the work carried out does not comply with the provisions of the *grant agreement*;
 - if a *beneficiary* has to reimburse to its national state an amount unduly received as state aid;
 - if the provisions of the *grant agreement* have been infringed or if there is a suspicion thereof, in particular in the wake of any audits and checks carried out;
 - if there is a suspicion of *irregularity* committed by one or more *beneficiary(ies)* in the performance of the *grant agreement*. Only the portion destined for the *beneficiary(ies)* suspected of *irregularity* will be suspended.
 - if there is a suspected or established *irregularity* committed by one or more *beneficiary(ies)* in the performance of another *grant agreement* funded by the general budget of the European Communities or by budgets managed by them. In such cases, suspension of the payments will occur where the *irregularity* (or suspected *irregularity*) is of a serious and systematic nature which is likely to affect the performance of the current *grant agreement*.

If the *Commission* suspends the payment the *consortium* shall be duly informed of the reasons why payment in whole or in part will not be made.

4. The *Commission* may proceed with an interim payment in part if some reports or deliverables are not submitted as required, or only partially or conditionally approved. The reports and deliverables due for one reporting period which are submitted late will be evaluated together with the reports and deliverables of the next reporting period.
5. On expiry of the time-limit for approval of the reports and payments, and without prejudice to suspension by the *Commission* of this time-limit, the *Commission* shall pay interest on the late payment at the rate applied by the European Central Bank for its main refinancing operations in euros, plus three and a half points. The reference rate to which the increase applies shall be the rate in force on the first day of the month of the final date for payment, as published in the C series of the Official Journal of the European Union.

This provision shall not apply to *beneficiaries* that are *public bodies* of the Member States of the European Union.

Interest on late payment shall cover the period from the final date of the period for payment, exclusive, up to the date when the payment is debited to the *Commission's* account, inclusive. The interest shall not be treated as a *receipt* for the *project* for the purposes of determining the final grant. Any such interest payment is not considered as part of the *Community financial contribution*.

6. The suspension of payment by the *Commission* may not be considered as late payment.
7. At the end of the *project*, the *Commission* may decide not to make the payment of the corresponding *Community financial contribution* subject to one month's written notice of non-receipt of a report, a certificate on the financial statement or other *project* deliverable.
8. The *Commission* shall inform the *coordinator* of the amount of the final payment of the *Community financial contribution*, justifying this amount. The *coordinator* shall have two months from the date of receipt to give reasons for any disagreement. After the end of this period such requests will no longer be considered and the *consortium* is deemed to have accepted the *Commission's* decision. The *Commission* undertakes to reply in writing within two months following the date of receipt, giving reasons for its reply. This procedure is without prejudice to the *beneficiary's* right to appeal against the *Commission's* decision.

II.6. Payment modalities

1. The *Commission* shall make the following payments:
 - a. a pre-financing in accordance with Article 6,
 - b. for *projects* with more than one reporting period, the *Commission* shall make **interim payments** of the *Community financial contribution* corresponding to the amount accepted for each reporting period.
 - c. the *Commission* shall make a **final payment** of the *Community financial contribution* corresponding to the amount accepted for the last reporting period plus any adjustment needed.

Where the amount of the corresponding *Community financial contribution* is less than any amount already paid to the *consortium*, the *Commission* shall recover the difference.

Where the amount of the corresponding *Community financial contribution* is more than any amount already paid to the *consortium*, the *Commission* shall pay the difference as the final payment within the limit of Article 5.1.

2. The total amount of the pre-financing and interim payments shall not exceed 90% of the maximum *Community financial contribution*.
3. Payments by the *Commission* shall be made in euros.
4. Costs incurred in currencies other than the Euro shall be reported in Euro, using for all costs, either the conversion rate published by the European Central Bank that would have applied on the date that the actual costs were incurred, or the rate applicable on the first day of the month following the end of the reporting period.
5. The bank account mentioned in Article 5.4 shall allow that the *Community financial contribution* and related interest are identified. Otherwise, the accounting methods of the *beneficiaries* or intermediaries must make it possible to identify the *Community financial contribution* and the interest or other benefits yielded.
6. Any payment may be subject to an audit or review and may be adjusted or recovered based on the results of such audit or review.
7. Payments by the *Commission* shall be deemed to be effected on the date when they are debited to the *Commission's* account.

SECTION 3 – IMPLEMENTATION

II.7. Subcontracting

1. A *subcontractor* is a third party which has entered into an agreement on business conditions with one or more *beneficiaries*, in order to carry out part of the work of the *project* without the direct supervision of the *beneficiary* and without a relationship of subordination.

Where the *beneficiary* enters into a subcontract to carry out some parts of the tasks related to the *project*, it remains bound by its obligations to the *Commission* and the other *beneficiaries* under the *grant agreement* and retains sole responsibility for carrying out the *project* and for compliance with the provisions of the *grant agreement*.

Provisions of this *grant agreement* applying to *subcontractors* shall also apply to external auditors who certify financial statements or a methodology.

2. Where it is necessary for the *beneficiaries* to subcontract certain elements of the work to be carried out, the following conditions must be fulfilled:
 - subcontracts may only cover the execution of a limited part of the *project*;
 - recourse to the award of subcontracts must be duly justified in Annex I having regard to the nature of the *project* and what is necessary for its implementation;

- recourse to the award of subcontracts by a *beneficiary* may not affect the rights and obligations of the *beneficiaries* regarding *background* and *foreground*;
- Annex I must indicate the task to be subcontracted and an estimation of the costs;

Any subcontract, the costs of which are to be claimed as an eligible cost, must be awarded according to the principles of best value for money (best price-quality ratio), transparency and equal treatment. Framework contracts between a *beneficiary* and a *subcontractor*, entered into prior to the beginning of the *project* that are according to the *beneficiary's* usual management principles may also be accepted.

3. *Beneficiaries* may use external support services for assistance with minor tasks that do not represent per se *project* tasks as identified in Annex I.

II.8. Suspension of the *project*

1. The *coordinator* shall immediately inform the *Commission* of any event affecting or delaying the implementation of the *project*.
2. The *coordinator* can propose to suspend the whole or part of the *project* if *force majeure* or exceptional circumstances render its execution excessively difficult or uneconomic. The *coordinator* must inform the *Commission* without delay of such circumstances, including full justification and information related to the event, as well as an estimation of the date when the work on the *project* will begin again.
3. The *Commission* may suspend the whole or part of the *project* where it considers that the *consortium* is not fulfilling its obligations according to this *grant agreement*. The *coordinator* shall be informed without delay of the justification for such an event and the conditions necessary to reinstate the work again. The *coordinator* shall inform the other *beneficiaries*. This suspension takes effect 10 days after the notification to the *coordinator*.
4. During the period of suspension, no costs may be charged to the *project*.
5. The suspension of the whole or part of the *project* may be lifted once the parties to the *grant agreement* have agreed on the continuation and, as appropriate, any necessary modification, including extension of the duration of the *project*, has been identified by means of a written amendment.

II.9. Confidentiality and *classified information*

1. During the *project* and for a period of five years after its completion or any other period thereafter as established in the *consortium agreement*, the *beneficiaries* undertake to preserve the confidentiality of any data, documents or other material that is identified as confidential in relation to the execution of the *project* ("*confidential information*"). The *Commission* undertakes to preserve the confidentiality of "*confidential information*" until five years after the completion of the *project*. Upon a duly substantiated request by a *beneficiary*, the *Commission* may agree to extend this period regarding specific confidential information.

Where *confidential information* was communicated orally, its confidential character must be confirmed by the disclosing party in writing within 15 days after disclosure.

2. Paragraph 1 no longer applies where:

- the *confidential information* becomes publicly available by means other than a breach of confidentiality obligations;
 - the disclosing party subsequently informs the recipient that the *confidential information* is no longer confidential;
 - the *confidential information* is subsequently communicated to the recipient without any obligation of confidence by a third party who is in lawful possession thereof and under no obligation of confidentiality;
 - the disclosure or communication of the *confidential information* is foreseen by other provisions of this *grant agreement* or the *consortium agreement*;
 - the disclosure or communication of *confidential information* is required by the national law of one of the *beneficiaries* and this exception to the confidentiality requirement is foreseen in the *consortium agreement*²;
3. The *beneficiaries* undertake to use such confidential information only in relation to the execution of the *project* unless otherwise agreed with the disclosing party.
 4. Notwithstanding the preceding paragraphs, the treatment of classified data, documents or other material ("*classified information*") must follow the applicable rules established by the relevant *Community* legislation, including the *Commission's* internal rules for handling such *classified information*³.

II.10. Communication of data for evaluation, impact assessment and standardisation purposes

1. *Beneficiaries* shall provide, at the request of the *Commission*, the data necessary for:
 - the continuous and systematic review of the specific programme and the Seventh Framework Programme;
 - the evaluation and impact assessment of *Community* activities, including the *use* and *dissemination* of *foreground*.

Such data may be requested throughout the duration of the *project* and up to five years after the end of the *project*.

The data collected may be used by the *Commission* in its own evaluations but will not be published other than on an anonymous basis.

2. Without prejudice to the provisions regarding protection of *foreground* and confidentiality, the *beneficiaries* shall, where appropriate, during the *project* and for two years following its end, inform the *Commission* and the European standardisation bodies about *foreground* which may contribute to the preparation of European or international standards.

² As certain national laws (for example regarding freedom of information) may provide that proprietary information made available under a confidentiality requirement must nevertheless be made public in case access is requested, the *beneficiaries* should inform each other of the existence of such national laws and make appropriate arrangements in the *consortium agreement*.

³ Commission Decision 2001/844/EC, ECSC, Euratom of 29 November 2001 OJ L 317, 3.12.2001, p. 1 (as last amended by Decision 2006/548/EC, Euratom, OJ L 215, 5.8.2006, p. 38.

II.11. Information to be provided to Member States or Associated Countries

1. The *Commission* shall, upon request, make available to any Member State or *Associated country* any useful information in its possession on *foreground*, provided that the following conditions are met:
 - the information concerned is relevant to public policy;
 - the *beneficiaries* have not provided sound and sufficient reasons for withholding the information concerned;
 - the applicable *Community* rules on *classified information* do not prohibit such action.
2. As stipulated in the *Rules for Participation*, the provision of information pursuant to paragraph 1 shall not transfer to the recipient any rights or obligations and the recipient shall be required to treat any such information as confidential unless it becomes duly public, or it was communicated to the *Commission* without restrictions on its confidentiality.

II.12. Information and communication

1. The *beneficiaries* shall, throughout the duration of the *project*, take appropriate measures to engage with the public and the media about the *project* and to highlight the *Community* financial support. Unless the *Commission* requests otherwise, any publicity, including at a conference or seminar or any type of information or promotional material (brochure, leaflet, poster, presentation etc), must specify that the *project* has received *Community* research funding and display the European emblem. When displayed in association with a logo, the European emblem should be given appropriate prominence. This obligation to use the European emblem in respect of *projects* to which the [European Community] [European Atomic Energy Community] contributes implies no right of exclusive use. It is subject to general third-party use restrictions which do not permit the appropriation of the emblem, or of any similar trademark or logo, whether by registration or by any other means. Under these conditions, *beneficiaries* are exempted from the obligation to obtain prior permission from the *Commission* to use the emblem. Further detailed information on the EU emblem can be found on the Europa web page.

Any publicity made by the *beneficiaries* in respect of the *project*, in whatever form and on or by whatever medium, must specify that it reflects only the author's views and that the *Community* is not liable for any use that may be made of the information contained therein.

2. The *Commission* shall be authorised to publish, in whatever form and on or by whatever medium, the following information:
 - the name of the *beneficiaries*;
 - contact addresses of *beneficiaries*;
 - the general purpose of the *project* in the form of the summary provided by the *consortium*;
 - the amount and rate of the *Community financial contribution* granted to the *project*;
 - the geographic location of the activities carried out;
 - the list of *dissemination* activities and/or of patent (applications) relating to *foreground*;

- the details/references and the abstracts of scientific publications relating to *foreground* and, where provided pursuant to Article II.30, the published version or the final manuscript accepted for publication;
- the publishable reports submitted to it;
- any picture or any audiovisual or web material provided to the *Commission* in the framework of the *project*.

The *consortium* shall ensure that all necessary authorisations for such publication have been obtained and that the publication of the information by the *Commission* does not infringe any rights of third parties.

Upon a duly substantiated request by a *beneficiary*, the *Commission* may agree to forego such publicity if disclosure of the information indicated above would risk compromising the *beneficiary's* security, academic or commercial interests.

II.13. Processing of personal data

1. All personal data contained in the *grant agreement* shall be processed in accordance with Regulation (EC) No 45/2001 of the European Parliament and of the Council on the protection of individuals with regard to the processing of personal data by the *Community* institutions and bodies and on the free movement of such data. Such data shall be processed by the controller solely in connection with the implementation and follow-up of the *grant agreement* and the evaluation and impact assessment of *Community* activities, including the *use* and *dissemination* of *foreground*, without prejudice to the possibility of passing the data to the bodies responsible for inspection and audit in accordance with *Community* legislation and this *grant agreement*.
2. *Beneficiaries* may, on written request, gain access to their personal data and correct any information that is inaccurate or incomplete. They should address any questions regarding the processing of their personal data to the Controller. *Beneficiaries* may lodge a complaint against the processing of their personal data with the European Data Protection Supervisor at any time.
3. For the purpose of this *grant agreement*, the “Controller” shall be the contact for the *Commission* identified in Article 8.1.

Part B FINANCIAL PROVISIONS

SECTION 1 – GENERAL FINANCIAL PROVISIONS

II.14. Eligible costs of the *project*

1. Costs incurred for the implementation of the *project* shall meet the following conditions in order to be considered eligible:
 - a) they must be actual;
 - b) they must be incurred by the *beneficiary*;
 - c) they must be incurred during the duration of the *project*, with the exception of costs incurred in relation to final reports and reports corresponding to the last period as well as

certificates on the financial statements when requested for the last period and final reviews if applicable, which may be incurred during the period of up to 60 days after the end of the *project* or the date of termination whichever is earlier;

- d) they must be determined in accordance with the usual accounting and management principles and practices of the *beneficiary*. The accounting procedures used in the recording of costs and *receipts* shall respect the accounting rules of the State in which the *beneficiary* is established. They shall permit the direct reconciliation between the costs and *receipts* for the implementation of the *project*;
- e) they must be used for the sole purpose of achieving the objectives of the *project* and its expected results, in a manner consistent with the principles of economy, efficiency and effectiveness;
- f) they must be recorded in the accounts of the *beneficiary*;
- g) they must be indicated in the estimated overall budget in Annex I.

Notwithstanding point a), *beneficiaries* may opt to declare average personnel costs if certified in accordance with a methodology approved by the *Commission* and consistent with the management principles and usual accounting practices of the *beneficiary*. Average personnel costs charged to this *grant agreement* by a *beneficiary* having provided a certification on the methodology are deemed not to significantly differ from actual personnel costs.

Such a certification shall be issued in accordance with the provisions laid down in Article II.4 and Annex VII, unless it has already been submitted for a previous *grant agreement* under the Seventh Framework Programme and the methodology certified has not changed.

- 2. Costs incurred by third parties in relation to resources they make available free of charge to a *beneficiary*, can be charged by the *beneficiary* provided they meet the conditions established in paragraphs 1 and 3, *mutatis mutandis* and claimed in accordance with Article II.17.
- 3. The following costs shall be considered as non-eligible and may not be charged to the *project*:
 - a) identifiable indirect taxes including value added tax,
 - b) duties,
 - c) interest owed,
 - d) provisions for possible future losses or charges,
 - e) exchange losses, cost related to return on capital,
 - f) costs declared or incurred, or reimbursed in respect of another *Community project*,
 - g) debt and debt service charges, excessive or reckless expenditure.

II.15. Identification of direct and indirect costs

1. Direct costs are all those eligible costs which can be attributed directly to the *project* and are identified by the *beneficiary* as such, in accordance with its accounting principles and its usual internal rules.

With regard to personnel costs, only the costs of the actual hours worked by the persons directly carrying out work under *the project* may be charged. Such persons must:

- be directly hired by the *beneficiary* in accordance with its national legislation,
- work under the sole technical supervision and responsibility of the latter, and
- be remunerated in accordance with the normal practices of the *beneficiary*.

Costs related to parental leave for persons who are directly carrying out the *project* are eligible costs provided that they are mandatory under national law.

2. Indirect costs are all those eligible costs which cannot be identified by the *beneficiary* as being directly attributed to the *project* but which can be identified and justified by its accounting system as being incurred in direct relationship with the eligible direct costs attributed to the *project*. They may not include any eligible direct costs.

Indirect costs shall represent a fair apportionment of the overall overheads of the organisation. They may be identified according to one of the following methods:

- a) Based on the real indirect costs of the *beneficiary*.

For this purpose, a *beneficiary* is allowed to use a simplified method of calculation of its full indirect eligible cost at the level of its legal entity if it is in accordance with its usual accounting and management principles and practices. Use of such a method is only acceptable where the lack of analytical accounting or the legal requirement to use a form of cash-based accounting prevents detailed cost allocation. The simplified approach must be based on actual costs derived from the financial accounts of the period in question.

- b) A *beneficiary* may opt for a flat rate of 20% of its total direct eligible costs, excluding its direct eligible costs for subcontracting and the costs of reimbursement of resources made available by third parties which are not used on the premises of the *beneficiary*.
- c) *Non-profit public bodies*, secondary and higher education establishments, and *research organisations* and *SMEs*, which are unable to identify with certainty their real indirect costs for the *project*, when participating in funding schemes which include research and technological development and demonstration activities, as referred to in the table of Article II.16, may opt for a flat-rate of 60% of the total direct eligible costs⁴ excluding costs for subcontracting and the costs of reimbursement of resources made available by third parties which are not used on the premises of the *beneficiary*. If these *beneficiaries* change their status during the life of the *project*, this flat rate shall be applicable up to the moment they lose their status.

In the case of coordination and support actions, the reimbursement of indirect eligible costs for every *beneficiary* may reach a maximum 7% of the direct eligible costs, excluding the

⁴ NOTE: The rate established in this indent will apply for grants awarded under calls for proposals closing before 1 January 2010. The *Commission* shall establish, for grants awarded under calls closing after 31 December 2009, an appropriate level of flat rate which should be an approximation of the real indirect costs concerned but not lower than 40%, at that moment a special clause will be adopted and inserted in subsequent grant-agreements.

direct eligible costs for subcontracting and the costs of reimbursement of resources made available by third parties which are not used on the premises of the *beneficiary*.

3. The *beneficiary* shall apply the option chosen in all *grant agreements* under the Seventh Framework Programme.

However, any *beneficiary* that has opted for the possibilities described in b) and c) for reimbursement of its indirect costs in a previous *grant agreement* funded under the Seventh Framework Programme may opt in this *grant agreement* for one of the methods described in a). However, it must then use that method in subsequent *grant agreements* established under the Seventh Framework Programme.

II.16. Upper funding limits

1. For **research and technological development activities**, the *Community financial contribution* may reach a maximum of 50% of the total eligible costs.

However, for *beneficiaries* that are *non-profit public bodies*, secondary and higher education establishments, *research organisations* and *SMEs*, the rate may reach a maximum of 75% of the total eligible costs. If these *beneficiaries* change their status during the life of the *project*, this reimbursement rate shall be applicable up to the moment they lose their status.

2. For **demonstration activities**, the *Community financial contribution* may reach a maximum of 50% of the total eligible costs.
3. For coordination and support actions, the *Community financial contribution* may reach a maximum of 100% of the total eligible costs.
4. For **other activities** not covered by paragraphs 1, 2 and 3, *inter alia*, management activities including certificates on the financial statements and certifications of the methodology, training, coordination, networking and *dissemination* (including publications), the contribution may reach a maximum of 100% of the total eligible costs.

Paragraphs 1 to 4 shall apply also in the case of *projects* where flat rate financing or lump sum financing is used for the whole or for part of the *project*.

5. **Management** of the *consortium* activities includes:
 - maintenance of the *consortium agreement*, if it is obligatory,
 - the overall legal, ethical, financial and administrative management including, for each of the *beneficiaries*, obtaining the certificates on the financial statements or on the methodology and costs relating to financial audits and technical reviews
 - implementation of competitive calls by the *consortium* for the participation of new *beneficiaries*, where required by Annex I of this *grant agreement*,
 - any other management activities foreseen by the annexes, except coordination of research and technological development activities.
6. For **training activities**, the salary costs of those being trained are not eligible costs under this activity.

The table illustrates the maximum rates of *Community financial contribution* for the activities relating to the funding schemes below:

Maximum reimbursement rates of eligible costs	Research and technological development(*)	Demonstration activities	Other activities (**)
Network of excellence	50% 75% (***)		100%
Collaborative project	50% 75% (***)	50%	100%
Coordination and support action			100% (****)

(*) Research and technological development includes scientific coordination.

(**) Other activities means any "specific activity" covered by Annex I.

(***) For *beneficiaries* that are *non-profit public bodies*, secondary and higher education establishments, *research organisations* and *SMEs*

(****) The reimbursement of indirect eligible costs, in the case of coordination and support actions, may reach a maximum 7% of the direct eligible costs, excluding the direct eligible costs for subcontracting and the costs of reimbursement of resources made available by third parties which are not used on the premises of the *beneficiary*.

II.17. Receipts of the project

Receipts of the *project* may arise from:

- a) Resources made available by third parties to the *beneficiary* -financial transfers or contributions in kind which are free of charge:
 - i. shall be considered a *receipt* of the *project* if they have been contributed by the third party specifically to be used on the *project*.
 - ii. shall not be considered a *receipt* of the *project* if their use is at the discretion of of the *beneficiary's* management.
- b) Income generated by the *project*:
 - i. shall be considered *receipts* for the *beneficiary* when generated by actions undertaken in carrying out the *project* and from the sale of assets purchased under the *grant agreement* up to the value of the cost initially charged to the *project* by the *beneficiary*;
 - ii. shall not be considered a *receipt* for the *beneficiary* when generated from the *use* of *foreground* resulting from the *project*.

II.18. Community financial contribution

The "*Community financial contribution*" to the *project* shall be defined as the amount determined as follows:

1. By applying the upper funding limits indicated in Article II.16, per activity and per *beneficiary* to the costs accepted by the *Commission* and/or to the flat rates and/or lump sums.

2. The *Community financial contribution* shall be calculated by reference to the cost of the project as a whole and its reimbursement shall be based on the reported costs of each *beneficiary*.
3. The *Community financial contribution* cannot give rise to any profit for any *beneficiary*. For this purpose, at the time of the submission of the last financial statement, the final amount of the *Community financial contribution* will take into account any *receipts* of the *project* received by each *beneficiary*. For each *beneficiary*, the *Community financial contribution* cannot exceed the eligible costs minus the *receipts* for the *project*.
4. The total amount of payments by the *Community* shall not exceed in any circumstances the maximum amount of the *Community financial contribution* referred to in Article 5.

II.19. Interest yielded by pre-financing provided by the Commission

1. *Pre-financing* remains the property of the *Community*.
2. The *Commission* shall recover from the *coordinator*, for each reporting period following the implementation of the agreement, the amount of interest generated by pre-financing which exceeds EUR [50,000]⁵

SECTION 2 – GUARANTEE FUND

II.20. Financial responsibility

The financial responsibility of each *beneficiary* shall be limited to its own debt, subject to Article II.21.

II.21. Guarantee fund

1. *Beneficiaries* shall contribute to the Guarantee Fund (hereinafter the Fund) established in order to manage the risk associated with non-recovery of sums due to the *Community* by *beneficiaries* of *grant agreements* under the 7th Framework Programme. The contribution of *beneficiaries* of this *grant agreement* shall be offset from the initial pre-financing, under the terms and conditions established in Article 6.
2. The Fund shall be deposited in a bank (hereinafter the Bank) chosen by the *Community* represented by the *Commission*, acting as executive agent on behalf of the *beneficiaries* of *grant agreements* under the 7th Framework Programme.
3. Interest generated by the Fund shall be added to it and shall be used in priority by the *Commission* for transfer from or recovery from the Fund referred to in paragraph 4 (hereinafter the Operations).

⁵ This amount shall be the one established in the final version of the Implementing Rules of the *Financial Regulation* which is currently under revision.

Operations may be undertaken from 1st January 2007 until the day of the final payment of the last *grant agreement* under the 7th Framework Programme (hereinafter the Period). At the end of the Period, any remaining interests shall become the property of the *Community*.

Where interest is insufficient to cover Operations, contributions to the Fund may be used within a limit never exceeding 20% of their value, and within a limit not exceeding 1% of the *Community financial contributions* due to *beneficiaries* other than those referred to in paragraph 6, last indent at the end of the Period. Beyond these limits or after the Period, the *Commission* shall directly recover from *beneficiaries* any amount owed to the *Community*.

4. Subject to paragraph 3, the *Commission* shall implement the following Operations on the Fund:
 - a. where a *beneficiary* in an on-going *grant agreement* under the 7th Framework Programme owes money to the *Community* and does not transfer it to the *coordinator* at the latest 45 days after receipt of a written request from the *Commission*, and where the remaining *beneficiaries* agree to implement the said *grant agreement* identically regarding its objectives, the *Commission* shall order the Bank to directly transfer an equivalent amount to the *coordinator*. Amounts transferred from the Fund shall be regarded as *Community financial contribution*.
 - b. where a *beneficiary* in any terminated or completed *grant agreement* under the 7th Framework Programme owes money to the *Community*, the *Commission* shall recover effectively from the Fund the amounts due.

Following an Operation, the *Commission* shall issue against the defaulting *beneficiary* a recovery order to the benefit of the Fund. The *Commission* may offset that recovery order against any pending payment due by the *Community* to the said *beneficiary* or adopt a recovery decision in accordance with Article II.25

5. At the moment of final payment, the amount contributed to the Fund under this *project* shall be returned to the *beneficiaries* via the *coordinator*, subject any offsetting of amounts due to the *Community*.
6. If contributions of *beneficiaries* of *grant agreements* under 7th Framework Programme have been used, the *Commission* shall deduct from the amount to be returned to each of the *beneficiaries* of this *project* an amount equal to:

“contribution of this project” X “Fund index”

The “Fund index” shall equal the ratio “contribution used”/“total contributions to the fund”, as established at the end of each month by the Bank to be applied during the following month. The applicable “Fund index” shall be that of the month [in which the *project* ends][in which the final payment is effected].

That deduction shall not exceed one per cent of the *Community financial contribution* due to a *beneficiary* and shall not apply to amounts due to *public bodies* or legal entities whose participation in the *grant agreement* is guaranteed by a Member State or an *Associated country*, and higher and secondary education establishments.

SECTION 3 – CONTROLS, RECOVERIES AND SANCTIONS

II.22. Financial audits and controls

1. The *Commission* may, at any time during the *grant agreement* and up to five years after the end of the *project*, arrange for financial audits to be carried out, by external auditors, or by the *Commission* departments themselves including OLAF. The audit procedure shall be deemed to be initiated on the date of receipt of the relevant letter sent by the *Commission*. Such audits may cover financial, systemic and other aspects (such as accounting and management principles) relating to the proper execution of the *grant agreement*. They shall be carried out on a confidential basis.
2. The *beneficiaries* shall make available directly to the *Commission* all detailed information and data that may be requested by the *Commission* or any representative authorised by it, with a view to verifying that the *grant agreement* is properly managed and performed in accordance with its provisions and that costs have been charged in compliance with it. This information and data must be precise, complete and effective.
3. The *beneficiaries* shall keep the originals or, in exceptional cases, duly authenticated copies –including electronic copies-, of all documents relating to the *grant agreement* for up to five years from the end of the *project*. These shall be made available to the *Commission* where requested during any audit under the *grant agreement*.
4. In order to carry out these audits, the *beneficiaries* shall ensure that the *Commission's* departments and any external body(ies) authorised by it have on the spot access at all reasonable times, notably to the *beneficiary's* offices, to its computer data, to its accounting data and to all the information needed to carry out those audits, including information on individual salaries of persons involved in the *project*. They shall ensure that the information is readily available on the spot at the moment of the audit and, if so requested, that data be handed over in an appropriate form.
5. On the basis of the findings made during the financial audit, a provisional report shall be drawn up. It shall be sent by the *Commission* or its authorised representative to the *beneficiary* concerned, who may make observations thereon within one month of receiving it. The *Commission* may decide not to take into account observations conveyed or documents sent after that deadline. The final report shall be sent to the *beneficiary* concerned within two months of expiry of the aforesaid deadline.
6. On the basis of the conclusions of the audit, the *Commission* shall take all appropriate measures which it considers necessary, including the issuing of a recovery order regarding all or part of the payments made by it and the application of any applicable sanction.
7. The European Court of Auditors shall have the same rights as the *Commission*, notably right of access, for the purpose of checks and audits, without prejudice to its own rules.
8. In addition, the *Commission* may carry out on-the-spot checks and inspections in accordance with Council Regulation (Euratom, EC) No 2185/96 of 11 November 1996 concerning on-the-spot checks and inspections carried out by the *Commission* in order to protect the European Communities' financial interests against fraud and other irregularities¹⁶ and Regulation (EC) No 1073/1999 of the European Parliament and of the Council of 25 May

¹⁶ OJ L 292, 15.11.1996, p.2.

1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)¹⁷ Council Regulation (Euratom) No 1074/1999 of 25 May 1999 concerning investigations conducted by the European Anti-Fraud Office (OLAF)¹⁸.

II.23. Technical reviews

1. The *Commission* may initiate a technical review at any time during the implementation of the *project* and up to the date of the final payment. The aim of a technical review shall be to assess the work carried out under the *project* over a certain period, *inter alia* by evaluating the *project* reports and deliverables relevant to the period in question. Such reviews may cover scientific, technological and other aspects relating to the proper execution of the *project* and the *grant agreement*.
2. With respect to the Description of work (Annex I), the review shall objectively establish:
 - the degree of fulfilment of the *project* work plan for the relevant period and of the related deliverables
 - the continued relevance of the objectives and breakthrough potential with respect to the scientific and industrial state of the art,
 - the resources planned and utilised in relation to the achieved progress, in a manner consistent with the principles of economy, efficiency and effectiveness,
 - the management procedures and methods of the *project*,
 - the *beneficiaries'* contributions and integration within the *project*,
 - the expected potential impact in economic, competition and social terms, and the *beneficiaries'* plans for the *use* and *dissemination* of *foreground*.
3. The review shall be deemed to be initiated on the date of receipt by the *beneficiary(ies)* of the relevant letter sent by the *Commission*.
4. Any such review shall be carried out on a confidential basis.
5. The *Commission* may be assisted in the technical review by external scientific or technological experts. Prior to the carrying out of the evaluation task, the *Commission* shall communicate to the *beneficiaries* the identity of the appointed experts. The *beneficiary(ies)* shall have the right to refuse the participation of a particular external scientific or technological expert on grounds of commercial confidentiality.
6. The review may be carried out remotely at the expert's home or place of work or involve sessions with *project* representatives either at the *Commission* premises or at the premises of *beneficiaries*. The *Commission* or the external scientific or technological expert may have access to the locations and premises where the work is being carried out, and to any document concerning the work.
7. The *beneficiaries* shall make available directly to the *Commission* all detailed information and data that may be requested by it or the external scientific or technological expert with a view to verifying that the *project* is being properly implemented and performed in accordance with the provisions of this *grant agreement*.

¹⁷ OJ L 136, 31.5.1999

¹⁸ OJ L 136, 31.5.1999

8. A report on the outcome of the review shall be drawn up. It shall be sent by the *Commission* to the *beneficiary* concerned, who may make observations thereon within one month of receiving it. The *Commission* may decide not to take into account the observations conveyed after that deadline.
9. An ethics audit may be undertaken at the discretion of the *Commission* Services.
10. On the basis of the experts' formal recommendations the *Commission* will inform the *coordinator* of its decision:
 - to allow the *project* to continue without modification or with minor modifications after approval of the deliverables or;
 - to consider that the *project* can only continue with major modifications or;
 - to initiate the termination of the *grant agreement* or of the participation of any *beneficiary* according to Article II. 38.

II.24. Liquidated damages and financial penalties

A. Liquidated damages

1. A *beneficiary* that is found to have overstated any amount and which has therefore received an unjustified financial contribution from the *Community* shall, without prejudice to any other measures provided for in this *grant agreement*, be liable to pay damages, hereinafter "liquidated damages". Liquidated damages are due in addition to the recovery of the unjustified financial contribution from the *beneficiary*.
2. Any amount of liquidated damages shall be proportionate to the overstated amount and the unjustified part of the *Community* contribution. The following formula shall be used to calculate liquidated damages:

Liquidated damages = unjustified financial contribution x (overstated amount/ total amount claimed)

The calculation of any liquidated damages shall only take into consideration the period relating to the *beneficiary's* claim for the *Community financial contribution* for that period. It shall not be calculated in relation to the entire *Community financial contribution*.

3. The *Commission* shall inform the *beneficiary* which it considers liable to pay liquidated damages in writing of its claim by way of a registered letter with acknowledgement of receipt. The *beneficiary* shall have a period of 30 days to answer the *Community's* claim.
4. The procedure for repayment of unjustified financial contribution and for payment of liquidated damages will be determined in accordance with the provisions of Article II.25. Liquidated damages will be deducted from any further payment or will be subject to recovery by the *Commission*.
5. The *Commission* shall be entitled to liquidated damages in respect of any overstated amount which comes to light after the *grant agreement* has been completed, in accordance with the provisions of paragraphs 1 to 4.

B. Financial penalties

1. A *beneficiary* that has been guilty of making false declarations or has been found to have seriously failed to meet its obligations under this *grant agreement* shall be liable to financial penalties of between 2% and 10% of the value of the *Community financial contribution* received by that *beneficiary*. The rate may be increased to between 4% and 20% in the event of a repeated offence within five years following the first infringement.
2. In the cases of paragraph 1, *beneficiaries* shall be excluded from all grants for a maximum of two years from the date the infringement has been established.
3. The provisions in this Article shall be without prejudice to any administrative or financial sanction that may be imposed on any defaulting *beneficiary* in accordance with the *Financial Regulation* or to any other civil remedy to which the *Community* or any other *beneficiary* may be entitled. Furthermore, these provisions shall not preclude any criminal proceedings which may be initiated by the Member States' authorities.

II.25. Reimbursement to the *Commission* and recovery orders

1. Where an amount, paid by the *Commission* to the *coordinator* in his capacity of recipient of all payments, is to be recovered under the terms of this *grant agreement*, the *coordinator* undertakes to repay the *Commission* the sum in question, on whatever terms and by whatever date it may specify, even if the *coordinator* has not been the final recipient of the amount due. In the latter case, if payment has not been made by the due date, the *Commission* reserves the right to recover directly the amount due from the final recipient.
2. If the obligation to pay the amount due is not honoured by the date set by the *Commission*, the sum due shall bear interest at the rate indicated in Article II.5. Interest on late payment shall cover the period between the date set for payment, exclusive and the date on which the *Commission* receives full payment of the amount owed, inclusive.

Any partial payment shall first be entered against charges and interest on late payment and then against the principal.

3. If payment has not been made by the due date, sums owed to the *Commission* may be recovered by offsetting them against any sums owed to the *beneficiary* concerned, after informing the latter accordingly, or by calling in the guarantee mechanism provided for in Article II.21. In exceptional circumstances, justified by the necessity to safeguard the financial interests of the Communities, the *Commission* may recover by offsetting before the due date of the payment. The *beneficiary's* prior consent shall not be required.
4. The *beneficiary* understands that under Article 256 of the Treaty establishing the European Community, Articles 164 and 192 of the Treaty establishing the European Atomic Energy Community and as provided by the *Financial Regulation*, the *Commission* may adopt an enforceable decision formally establishing an amount as receivable from persons other than States.

SECTION 1 – FOREGROUND

II.26. Ownership

1. *Foreground* shall be the property of the *beneficiary* carrying out the work generating that *foreground*.
2. Where several *beneficiaries* have jointly carried out work generating *foreground* and where their respective share of the work cannot be ascertained, they shall have joint ownership of such *foreground*. They shall establish an agreement⁶ regarding the allocation and terms of exercising that joint ownership.

However, where no joint ownership agreement has yet been concluded, each of the joint owners shall be entitled to grant non-exclusive licences to third parties, without any right to sub-licence, subject to the following conditions:

- a) at least 45 days prior notice must be given to the other joint owner(s); and
 - b) fair and reasonable compensation must be provided to the other joint owner(s).
3. If employees or other personnel working for a *beneficiary* are entitled to claim rights to *foreground*, the *beneficiary* shall ensure that it is possible to exercise those rights in a manner compatible with its obligations under this *grant agreement*.

II.27. Transfer

1. Where a *beneficiary* transfers ownership of *foreground*, it shall pass on its obligations regarding that *foreground* to the assignee including the obligation to pass those obligations on to any subsequent assignee.
2. Subject to its obligations concerning confidentiality *such as* in the framework of a merger or an acquisition of an important part of its assets, where a *beneficiary* is required to pass on its obligations to provide *access rights*, it shall give at least 45 days prior notice to the other *beneficiaries* of the envisaged transfer, together with sufficient information concerning the envisaged new owner of the *foreground* to permit them to exercise their *access rights*.

However, the *beneficiaries* may, by written agreement, agree on a different time-limit or waive their right to prior notice in the case of transfers of ownership from one *beneficiary* to a specifically identified third party.

3. Following notification in accordance with paragraph 2, any other *beneficiary* may object within 30 days of the notification or within a different time-limit agreed in writing, to any envisaged transfer of ownership on the grounds that it would adversely affect its *access rights*.

⁶ The joint owners may of course agree not to continue with joint ownership but decide on an alternative regime (for example, a single owner with access rights for the other *beneficiaries* that transferred their ownership share).

Where any of the other *beneficiaries* demonstrate that their *access rights* would be adversely affected, the intended transfer shall not take place until agreement has been reached between the *beneficiaries* concerned.

4. Where a *beneficiary* intends to transfer ownership of *foreground* to a third party established in a *third country* not associated to the Seventh Framework Programme, the *Commission* may object to such a transfer of ownership of *foreground*, if it considers that this is not in accordance with the interests of developing the competitiveness of the European economy or is inconsistent with ethical principles or security considerations.

In such cases, the transfer of ownership shall not take place unless the *Commission* is satisfied that appropriate safeguards will be put in place.

In *projects* funded by the European Atomic Energy Community, security considerations must be understood as being the defence interests of the Member States within the meaning of Article 24 of the Treaty establishing the European Atomic Energy Community.

II.28. Protection

1. Where *foreground* is capable of industrial or commercial application, its owner shall provide for its adequate and effective protection, having due regard to its legitimate interests and the legitimate interests, particularly the commercial interests, of the other *beneficiaries*.

Where a *beneficiary* which is not the owner of the *foreground* invokes its legitimate interest, it must, in any given instance, show that it would suffer disproportionately great harm.

2. Patent applications relating to *foreground*, filed by or on behalf of a *beneficiary* must include the following statement to indicate that said *foreground* was generated with the assistance of financial support from the *Community*:

The work leading to this invention has received funding from the [European Community's] [European Atomic Energy Community's] Seventh Framework Programme ([FP7/2007-2013] [FP7/2007-2011]) under grant agreement n° [xxxxxx].⁷

Furthermore, all patent applications relating to *foreground* filed before the end of a reporting period shall be reported in the plan for the *use and dissemination* of *foreground*, including sufficient details/references to enable the *Commission* to trace the patent (application). Any such filing arising after the final report must be notified to the *Commission* including the same details/references.

3. Where the *foreground* is capable of industrial or commercial application and its owner does not protect it and does not transfer it to another *beneficiary*, to an *affiliated entity* established in a Member State or *Associated country* or to any other third party established in a Member State or *Associated country* along with the associated obligations in accordance with Article II.27, no *dissemination* activities relating to said *foreground* may take place before the *Commission* has been informed. The *Commission* must be informed at the latest 45 days prior to the intended *dissemination* activity.

In such cases, the *Community* may, with the consent of the *beneficiary* concerned, assume ownership of that *foreground* and adopt measures for its adequate and effective protection.

⁷ This statement will have to be translated into the language of the patent filing. Translations in all *Community* languages will be provided.

The *beneficiary* concerned may refuse consent only if it can demonstrate that its legitimate interests would suffer disproportionately great harm.

In the event the *Community* assumes ownership, it shall take on the obligations regarding the granting of *access rights*.

II.29. Use

1. The *beneficiaries* shall use the *foreground* which they own or ensure that it is used.
2. The *beneficiaries* shall report on the expected *use* to be made of *foreground* in the plan for the *use* and *dissemination* of *foreground*. The information must be sufficiently detailed to permit the *Commission* to carry out any related audit.

II.30. Dissemination

1. Each *beneficiary* shall ensure that the *foreground* of which it has ownership is disseminated as swiftly as possible. If it fails to do so, the *Commission* may disseminate that *foreground*.
2. *Dissemination* activities shall be compatible with the protection of intellectual property rights, confidentiality obligations and the legitimate interests of the owner(s) of the *foreground*.

In *projects* funded by the European Atomic Energy Community, *dissemination* activities shall also be compatible with the defence interests of the Member States within the meaning of Article 24 of the Treaty establishing the European Atomic Energy Community.

3. At least 45 days prior notice of any *dissemination* activity shall be given to the other *beneficiaries* concerned, including sufficient information concerning the planned *dissemination* activity and the data envisaged to be disseminated.

Following notification, any of those *beneficiaries* may object within 30 days of the notification to the envisaged *dissemination* activity if it considers that its legitimate interests in relation to its *foreground* or *background* could suffer disproportionately great harm. In such cases, the *dissemination* activity may not take place unless appropriate steps are taken to safeguard these legitimate interests.

The *beneficiaries* may agree in writing on different time-limits to those set out in this paragraph, which may include a deadline for determining the appropriate steps to be taken.

4. All publications or any other *dissemination* relating to *foreground* shall include the following statement to indicate that said *foreground* was generated with the assistance of financial support from the *Community*:

The research leading to these results has received funding from the [European Community's] [European Atomic Energy Community's] Seventh Framework Programme ([FP7/2007-2013] [FP7/2007-2011]) under grant agreement n° [xxxxxx].⁸

Any *dissemination* activity shall be reported in the plan for the *use* and *dissemination* of *foreground*, including sufficient details/references to enable the *Commission* to trace the

⁸ This statement will have to be translated into the language of the dissemination activity. Translations in all *Community* languages will be provided.

activity. With regard to scientific publications relating to *foreground* published before or after the final report, such details/references and an abstract of the publication must be provided to the *Commission* at the latest two months following publication. Furthermore, an electronic copy of the published version or the final manuscript accepted for publication shall also be provided to the *Commission* at the same time for the purpose set out in Article II.12(2) if this does not infringe any rights of third parties.

SECTION 2 – ACCESS RIGHTS

II.31. Background covered

Beneficiaries may define the *background* needed for the purposes of the *project* in a written agreement and, where appropriate, may agree to exclude specific *background*⁹.

II.32. Principles

1. All requests for *access rights* shall be made in writing.
2. The granting of *access rights* may be made conditional on the acceptance of specific conditions aimed at ensuring that these rights will be used only for the intended purpose and that appropriate confidentiality obligations are in place.
3. Without prejudice to their obligations regarding the granting of *access rights*, *beneficiaries* shall inform each other as soon as possible of any limitation to the granting of *access rights* to *background*, or of any other restriction which might substantially affect the granting of *access rights*.
4. The termination of the participation of a *beneficiary* shall in no way affect the obligation of that *beneficiary* to grant *access rights* to the remaining *beneficiaries*.
5. Unless otherwise agreed by the owner of the *foreground* or *background*, *access rights* shall confer no entitlement to grant sub-licences.
6. Without prejudice to paragraph 7, any agreement providing *access rights* to *foreground* or *background* to *beneficiaries* or third parties must ensure that potential *access rights* for other *beneficiaries* are maintained.
7. Exclusive licences for specific *foreground* or *background* may be granted subject to written confirmation by all the other *beneficiaries* that they waive their *access rights* thereto.
8. However, where a *beneficiary* intends to grant an exclusive licence to *foreground* to a third party established in a *third country* not associated to the Seventh Framework Programme, the *Commission* may object to the granting of such an exclusive licence, if it considers that this is not in accordance with the interests of developing the competitiveness of the European economy or is inconsistent with ethical principles or security considerations.

⁹ Such an exclusion may be temporary (e.g. to permit the adequate protection of the *background* prior to providing access) or limited (e.g. to exclude only one or more specific *beneficiaries*). As *background* is by definition considered to be needed for implementation or use, the impact of such an exclusion on the *project*, particularly regarding an exclusion which does not have a temporary character, should be examined by the *beneficiaries*.

In such cases, the exclusive licence shall not take place unless the *Commission* is satisfied that appropriate safeguards will be put in place.

In *projects* funded by the European Atomic Energy Community, the *Commission* may also object to the intended grant of any non-exclusive licence to a third party established in a *third country* not associated to the Seventh Framework Programme on the same conditions as set out in this sub-paragraph. Security considerations shall in case of such *projects* be understood as being the defence interests of the Member States within the meaning of Article 24 of the Treaty establishing the European Atomic Energy Community.

II.33. *Access rights for implementation*

1. *Access rights* to *foreground* shall be granted to the other *beneficiaries*, if it is needed to enable those *beneficiaries* to carry out their own work under the *project*.

Such *access rights* shall be granted on a royalty-free basis.

2. *Access rights* to *background* shall be granted to the other *beneficiaries*, if it is needed to enable those *beneficiaries* to carry out their own work under the *project* provided that the *beneficiary* concerned is entitled to grant them.

Such *access rights* shall be granted on a royalty-free basis, unless otherwise agreed by all *beneficiaries* before their accession to this agreement.

II.34. *Access rights for use*

1. *Beneficiaries* shall enjoy *access rights* to *foreground*, if it is needed to use their own *foreground*.

Subject to agreement, such *access rights* shall be granted either under *fair and reasonable conditions* or be royalty-free.

2. *Beneficiaries* shall enjoy *access rights* to *background*, if it is needed to use their own *foreground* provided that the *beneficiary* concerned is entitled to grant them.

Subject to agreement, such *access rights* shall be granted either under *fair and reasonable conditions* or be royalty-free.

3. An *affiliated entity* established in a Member State or *Associated country* shall also enjoy *access rights*, referred to in paragraphs 1 and 2, to *foreground* or *background* under the same conditions as the *beneficiary* to which it is affiliated, unless otherwise provided for in the *consortium agreement*. As the *access rights* referred to in paragraphs 1 and 2 require that access is needed to use own *foreground*, this paragraph only applies if ownership of *foreground* was (partially) transferred to an affiliate entity established in a Member State or *Associated country*. The *beneficiaries* may provide for additional arrangements regarding such *access rights* in their *consortium agreement*, including regarding any notification requirements.

4. A request for *access rights* under paragraphs 1, 2 or 3 may be made up to one year after either of the following events:

- a) the end of the *project*; or

- b) termination of participation by the owner of the *background* or *foreground* concerned.

However, the *beneficiaries* concerned may agree on a different time-limit¹⁰.

FINAL PROVISIONS

II.35. Requests for amendments and termination at the initiative of the *consortium*

1. Requests for amendments and termination shall be signed by the legal representative of the parties and submitted in accordance with Article 8. Any request or acceptance by the *consortium* or a *beneficiary*(ies) shall be submitted by the *coordinator*. The *coordinator* is deemed to act on behalf of all *beneficiaries* when signing a request, an acceptance or rejection letter concerning an amendment as well as when requesting a termination. The *coordinator* shall ensure that adequate proof of the *consortium's* agreement to such an amendment or termination exists and is made available in the event of an audit or upon request of the *Commission*.
2. In the case of change of *coordinator* without its agreement, the request shall be submitted by all other *beneficiaries* or by one of them representing the others.
3. A request for amendment including more than one modification to the agreement shall be considered a package that cannot be separated into several requests and shall be approved or rejected by the other party as a whole, except where the request explicitly states that it contains separate requests that can be approved independently.
4. Requests for the addition of a new *beneficiary* shall include a completed Form B (Annex V), duly signed by such new entity. Any addition is subject to the conditions required by the *Rules for Participation*, the related call for proposals and the *Financial Regulation*. Such additional entity shall assume the rights and obligations of *beneficiaries* as established by the *grant agreement* with effect from the date of their accession specified in the signed Form B.
5. The amendments may not have the purpose or the effect of making changes to the agreement which might call into question the decision awarding the grant or result in unequal treatment of the *beneficiaries*.
6. Requests for termination of the participation of one or more *beneficiaries* shall include:
 - the *consortium's* proposal for reallocation of the tasks and budget of that *beneficiary*,
 - the reasons for requesting the termination,
 - the proposed date on which the termination shall take effect,

¹⁰ This can be a longer or shorter time-limit.

- a letter containing the opinion of the *beneficiary* whose participation is requested to be terminated and
- the reports and deliverables referred to in Article II.4, relating to the work carried out by this *beneficiary* up to the date on which the termination takes effect, together with a comment of the *coordinator* on behalf of the *consortium* on these reports and deliverables and a declaration on distribution of payments to this *beneficiary* by the *coordinator*.

In the absence of receipt of such documents, the request shall not be considered as a valid request.

The letter containing the opinion of the *beneficiary* concerned can be substituted by proof that this *beneficiary* has been requested in writing to express its opinion on the proposed termination of its participation and to send the reports and deliverables but failed to do so within the time-limit established by that notification. This time-limit shall not be inferior to one month. In this case, if no reports have been submitted with the request for termination, the *Commission* shall not take into account any further cost claims of that *beneficiary* and shall not make any further reimbursement for it.

Unless otherwise agreed with the *Commission*, all the tasks of the *beneficiary* whose participation is terminated must be reallocated within the *consortium*.

Consortium requests for termination of the *grant agreements* shall provide the justification for termination and the reports and deliverables referred to in Article II.4 relating to the work carried out up to the date on which the termination takes effect.

II.36. Approval of amendments and termination requested by the *consortium*

1. The parties to this *grant agreement* undertake to approve or reject any valid request for an amendment or termination within 45 days of its receipt. The absence of a response within 45 days of receipt of such a request shall be considered as a rejection.
2. By derogation to paragraph 1, when the *consortium* requests the addition or the termination of the participation of a *beneficiary*, the absence of a response from the *Commission* within 45 days of receipt of such a request constitutes approval, except in cases of absence of the agreement of the *beneficiary* concerned and in cases of appointment of a new *coordinator*, which shall require the written approval of the *Commission*.

Where the *Commission* does not object within this period, it is deemed to have approved the request on the last day of the time-limit. The *Commission* undertakes to send a letter for information purposes in case of tacit approval.

Where the request for the addition or removal of a *beneficiary* is associated with requests for other modifications to the *grant agreement* which are not directly related to this addition or removal, the whole request shall be subject to written approval by the *Commission*.

3. The *Commission* approval of the requested amendment or termination shall be notified to the *coordinator*, which receives it on behalf of the *consortium*. In case of termination of the participation of one or more *beneficiaries*, the *Commission* shall send a copy to the *beneficiary* concerned.

4. Amendments and terminations shall take effect on the date agreed by the parties; where there is no date specified they shall take effect on the date of the *Commission's* approval.

II.37. Competitive calls

1. When required by the terms of Annex I, the *consortium* shall identify and propose to the *Commission* the participation of new *beneficiaries* following a competitive call in accordance with the provisions of this Article.
2. The *consortium* shall publish the competitive call at least in one international journal and in three different national newspapers in three different Member States or *Associated countries*. It shall also be responsible for advertising the call widely using specific information support, particularly Internet sites on the Seventh Framework Programme, the specialist press and brochures and through the national contact points set up by Member States and *Associated countries*. In addition, the publication and advertising of the call shall conform to any instructions and guidance notes established by the *Commission*. The *consortium* shall inform the *Commission* of the call and its content at least 30 days prior to its expected date of publication.
3. The competitive call shall remain open for the submission of proposals by interested parties for a period of at least five weeks.
4. The *consortium* shall evaluate offers received in the light of the criteria that governed the *Commission's* evaluation and selection of the *project*, defined in the relevant call for proposals, and with the assistance of at least two independent experts appointed by the *consortium* on the basis of the criteria described in of the *Rules for Participation*.
5. The *consortium* shall notify the *Commission* of the proposed accession of a new *beneficiary(ies)* in accordance with Article II.35. At the same time, it will inform the *Commission* of the means by which the competitive call was published and of the names and affiliation of the experts involved in the evaluation. The *Commission* may object to the accession of any new *beneficiary* within six weeks of the receipt of the notification.

II.38. Termination of the grant agreement or of the participation of one or more beneficiaries at the Commission's initiative

1. The *Commission* may terminate the *grant agreement* or the participation of a *beneficiary* in the following cases:
 - a) where one or more of the legal entities identified in Article 1 does not accede to this *grant agreement*.
 - b) in case of non-performance or poor performance of the work or breach of any substantial obligation imposed by this *grant agreement* that is not remedied following a written request to the *consortium* to rectify the situation within a period of 30 days;
 - c) where the *beneficiary* has deliberately or through negligence committed an *irregularity* in the performance of any *grant agreement* with the *Commission*;
 - d) where the *beneficiary* has contravened fundamental ethical principles;
 - e) where the required reports or deliverables are not submitted or the *Commission* does not approve the reports or deliverables submitted;

- f) for major technical or economic reasons substantially adversely affecting the completion of the *project*;
 - g) if the *use potential of the project results* diminishes to a considerable extent;
 - h) where a legal, financial, organisational or technical change or *change of control* of a *beneficiary* calls into question the decision of the *Commission* to accept its participation;
 - i) where any such change identified in h) above or termination of the participation of the *beneficiary(ies)* concerned substantially affects the implementation of the *project*, or the interests of the *Community*, or calls into question the decision to grant the *Community* contribution;
 - j) in case of *force majeure* notified in conformity with Article II.40, where any reactivation of the *project* after suspension is impossible;
 - k) where the conditions for participation in the *project* established by the *Rules for Participation* or as amended by the call for proposals to which the *project* was submitted are no longer satisfied, unless the *Commission* considers that the continuation of the *project* is essential to the implementation of the specific programme;
 - l) where a *beneficiary* is found guilty of an offence involving its professional conduct by a judgment having the force of *res judicata* or if it is guilty of grave professional misconduct proven by any justified means;
 - m) where further to the termination of the participation of one or more *beneficiaries*, the *consortium* does not propose to the *Commission* an amendment to the *grant agreement* with the necessary modifications for the continuation of the *project* including the reallocation of task of the *beneficiary* whose participation is terminated within the time-limit determined by the *Commission*, or where the *Commission* does not accept the proposed modifications.
2. Termination of the participation of one or more *beneficiaries* at the *Commission's* initiative shall be notified to the *beneficiary(ies)* concerned, with a copy to the *coordinator* and shall become effective 30 days after its receipt by the *beneficiary*.
- The *Commission* shall inform the *consortium* of the effective date of termination.
- In the case of termination of the *grant agreement*, the *coordinator* shall be notified, who shall in turn notify all the other *beneficiaries* and the termination shall become effective 45 days after receipt by the *coordinator*.
3. Within 45 days after the effective date of termination, the *beneficiary(ies)* whose participation is terminated shall submit (through the *coordinator*) all required reports and deliverables referred to in Article II.4 relating to the work carried out up to that date. In the absence of receipt of such documents within the above time-limits, the *Commission* may, after providing 30 days notice in writing of the non-receipt of such documents, determine not to take into account any further cost claims and not to make any further reimbursement and, where appropriate, require the reimbursement of any *pre-financing* due by the *beneficiary(ies)*.
4. The *consortium* has up to 30 days after the effective date of termination of the *beneficiary's* participation to provide the *Commission* with information on the share of the *Community* contribution that has been effectively transferred to such *beneficiary* since the beginning of the *project*.

5. In the absence of receipt of such information within the time-limits, the *Commission* shall consider that the *beneficiary* whose participation is terminated owes no money to the *Commission* and that the *Community* contribution already paid is still at the disposal of the *consortium* and under its responsibility.
6. Based on documents and information referred to in the paragraphs above, the *Commission* shall establish the debt owed by the *beneficiary* whose participation is terminated.
7. Where the participation of one or more *beneficiaries* is terminated, the *beneficiary(ies)* whose participation is terminated shall reimburse the amount due to the *Commission* or transfer it to the *consortium* as requested by the *Commission*, within 30 days. The *Commission* shall send a copy of such a request to the *coordinator*. In the latter case, the *consortium* shall inform the *Commission* at the latest 10 days after the end of this time-limit if the amount was transferred to it.
8. Where the *grant agreement* is terminated, the *Commission* shall establish the debt owed by the *consortium* and notify it to the *coordinator*.

II.39. Financial contribution after termination and other termination consequences

1. In the event of termination any financial contribution from the *Community* is limited to those *eligible costs* incurred and accepted up to the effective date of such termination and of any legitimate commitments taken prior to that date, which cannot be cancelled.
2. By derogation to the above paragraph:
 - in the case of Article II.38.1.a), no costs incurred by the *consortium* under the *project* can be approved or accepted as eligible for reimbursement by the *Community*. Any *pre-financing* provided to the *consortium* and any interest generated by the *pre-financing* must be returned in full to the *Commission*.
 - in the case of Article II.38.1.b), any financial contribution from the *Community* is limited to those eligible costs incurred up to the date of receipt of the written request to rectify the breach.
3. In addition, in the cases of Article II.38.1.b), c), d) l) and m) the *Commission* may require reimbursement of all or part of the *Community's* financial contribution. In the case of Article II.38.1.b) and m) the *Commission* shall take into account the nature and results of the work carried out and its usefulness to the *Community* in the context of the specific programme concerned
4. Reports and deliverables submitted in the framework of a termination are deemed to be submitted at the end of the corresponding reporting period.
5. Where the *Community* makes a payment after the termination of the participation of a *beneficiary* or after termination of the *grant agreement*, this payment shall be considered as a final payment in relation to such *beneficiary(ies)* or the *project*, respectively and in any case shall be done through the *coordinator*.

Notwithstanding the termination of the *grant agreement* or the participation of one or more *beneficiaries*, the provisions identified in Articles II.9, II.10, II.11, II.12, II.22, II.23, II.24, II.25, II.35, II.36, II.38, II.41, II.42 and Part C of Annex II continue to apply after the termination of the *grant agreement* or the termination of the participation of such *beneficiary(ies)*.

II.40. Force majeure

1. *Force majeure* shall mean any unforeseeable and exceptional event affecting the fulfilment of any obligation under this *grant agreement* by the parties, which is beyond their control and cannot be overcome despite their reasonable endeavours. Any default of a product or service or delays in making them available for the purpose of performing this *grant agreement* and affecting such performance, including, for instance, anomalies in the functioning or performance of such product or service, labour disputes, strikes or financial difficulties do not constitute *force majeure*.
2. If any of the *beneficiaries* is subject to *force majeure* liable to affect the fulfilment of its obligations under this *grant agreement*, the *consortium* shall notify without delay the *Commission*, stating the nature, likely duration and foreseeable effects.
3. If the *Community* is subject to *force majeure* liable to affect the fulfilment of its obligations under this *grant agreement*, it shall notify without delay the *consortium*, stating the nature, likely duration and foreseeable effects.
4. No party shall be considered to be in breach of its obligation to execute the *project* if it has been prevented from complying by *force majeure*. Where *beneficiaries* cannot fulfil their obligations to execute the *project* due to *force majeure*, remuneration for accepted eligible costs incurred may be made only for tasks which have actually been executed up to the date of the event identified as *force majeure*. All necessary measures shall be taken to limit damage to the minimum.

II.41. Assignment

The *beneficiaries* shall not assign any of the rights and obligations arising from the *grant agreement* except those cases provided for in Article 27 (transfer of *foreground*), without the prior and written authorisation of the *Commission* and the other *beneficiaries*.

II.42. Liability

1. The *Community* cannot be held liable for any acts or omissions of the *beneficiaries* in relation to this *grant agreement*. It shall not be liable for any defaults of any products, processes or services created on the basis of *foreground*, including, for instance, anomalies in the functioning or performance thereof.
2. Each *beneficiary* fully guarantees the *Community*, and agrees to indemnify it, in case of any action, complaint or proceeding brought by a third party against the *Community* as a result of damage caused, either by any of its acts or omissions in relation to this *grant agreement*, or by any products, processes or services created by it on the basis of *foreground* resulting from the *project*.

In the event of any action brought by a third party against a *beneficiary* in connection with the performance of this *grant agreement*, the *Commission* may assist the latter upon written request. The costs incurred by the *Commission* in this connection shall be borne by the *beneficiary* concerned.

3. Each *beneficiary* shall bear sole responsibility for ensuring that their acts within the framework of this *project* do not infringe third parties rights.

4. The *Community* cannot be held liable for any consequences arising from the proper exercise of the rights of the *Community* under the *Rules for Participation* or this *grant agreement*.

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