



Budget Committee

3rd Amending Budget for the period of provisional application of the Agreement on a Unified Patent Court

Submitted by :

Prepared by the Budget Making Working Group and endorsed by the Chair of the Administrative Committee

Addressees : Budget Committee (for decision)

Luxembourg, 09.02.2023

EXECUTIVE SUMMARY

This document contains the draft third amending budget applicable to the period of provisional application (PAP) of the Agreement on a Unified Patent Court (UPCA).

It extends and adjusts the budget applicable to the period of provisional application adopted by the Budget Committee on 23 February 2022 and amended twice (7 September 2022 and 8 November 2022) to cover the whole PAP including the sunrise period until the foreseen entry into force of the UPCA on June 1st 2023.

The third amended budget is needed to take into account the extension of the PAP for two additional months: expenses extended for the setup of the management tools of the Court, IT services, salaries, training, etc. It includes the reimbursement of advances by contracting Member States that 2nd amending budget stated to take place at the end of the PAP. It follows the same prudent financial approach adopted by previous UPC initial and amended budgets aimed at guaranteeing a fully operational Unified Patent Court when it enters into force.

An increase in operating expenses compared to both the initial and first amended PAP Budget leads to a rough total amount of foreseeable expenses of EUR 10 132 857.

This increase in expenditures compared to the former PAP budgets requires equivalent incomes to comply to the compulsory balance Expenses/resources of the UPC Budget, so to meet the UPC's financial foreseen obligations until the entry into force of the Agreement.

If both 1st and 2nd amending PAP budget avoided additional contribution from contracting Member States in 2022, this Budget requires a complement of their initial financial contributions by contracting Member States for EUR 9 889 063 to cover the extended PAP.

The related Call for contributions will be sent in the same time than the call for contribution to cover expenses of the First Accounting Period in order to allow Contracting Member States to consider the overall expected financial needs for the year 2023 as a whole. The detailed and total amounts expected from each contracting Member State for PAP is provided in Annex 3.

Budget Committee is kindly requested to adopt this second amended PAP budget and approve the application of the contribution key related to the present budget.

TABLE OF CONTENTS-

| | |
|----------------------------------------------------------------------|----|
| EXPLANATORY NOTE | 4 |
| ANNEX 1: DECISION OF THE BUDGET COMMITTEE | 5 |
| ANNEX 2: AMENDED BUDGET OF THE UNIFIED PATENT COURT | 6 |
| ANNEX 3: PROVISIONAL CONTRIBUTION KEY (FOR PAP ONLY) | 7 |
| ANNEX 4: AMENDED TABLE OF POSTS FOR THE UPC (CHAP 31 SALARIES) | 9 |
| ANNEX 4: CONTINUED (CHAPTERS 33, 339 & 34) | 12 |
| ANNEX 4: CONTINUED (CHAPTERS 39, 41, 53, 61, 71)..... | 13 |

Explanatory Note

The Amending Budget set out herein concerns in particular:

- Class 3 expenditures (Opex) would increase by 42% from € 5 686 033 to € 9 325 080.
- Class 4 expenditure (Capex) shall be increased by 12% from €715 000 to € 798 460.
- Working Capital Fund decided for the 1st amending PAP budget ins increased up to € 1M

The table below shows main trends and differences between the 4 phases of PAP Budget:

| | Initial PAP budget | 1 st Amending PAP budget | 2 nd amending PAP budget | Submitted to vote 3 rd amending PAP budget |
|--------------------------|--------------------|-------------------------------------|-------------------------------------|-------------------------------------------------------|
| Expenditure | 6 333 883 | 6 304.186 | 6.401.493 | € €10 132 857 |
| <i>Class 3 opex</i> | <i>5 765 883</i> | <i>5 658.726</i> | <i>5.686.033</i> | <i>€ 9 334 397</i> |
| <i>Class 4 capex</i> | <i>568 000</i> | <i>645.460</i> | <i>715.460</i> | <i>€ 798 460</i> |
| Class 5 Income | 6 333 883 | 6 304.185 | 6.401.493 | € 10 132 857 |
| <i>52 Contributions</i> | <i>6 201 510</i> | <i>6 201.510</i> | <i>6.201.510</i> | <i>€ 9 889 063</i> |
| <i>53 Other op. inc.</i> | <i>132 373</i> | <i>102.675</i> | <i>199.983</i> | <i>€ 243 794</i> |

The Budget Committee is kindly requested to approve the decision annexed hereto adopting an Amending Budget for the period of provisional application of the UPC Agreement.

- I. AMENDMENT OF EXPENDITURE/INCOME; TRANSFER TO THE WORKING CAPITAL FUND
 1. Following the extension of the period of provisional application, the expenditure and income situation was recalculated. A table comparing the original amounts and the recalculated amounts is enclosed as Annex 2.
 2. As a result, the contributions to set-up costs including reimbursement of MS advances as well as contributions for assets are increased accordingly.
- II. ADJUSTMENT OF PROVISIONAL CONTRIBUTION KEY
 1. No incoming contracting Member State has been recorded at the time of submitting the present draft 3rd amending budget. Therefore the present draft budget does not contain any adjustment of the repartition between contributions of contracting Member States for PAP.
 2. The result in terms of amounts with unchanged repartition key is enclosed in Annex 3.
 3. Pursuant to Art 6 of the PAP financial rules, initial financial contributions from eventually Incoming Member States prior to entry into force and those contracting at the time of the entry into force shall be deducted from initial financial contribution of other contracting Member States. The adjustment will be implemented by the budget for first accounting period.
- III. ADJUSTMENT OF THE OVERALL ESTABLISHMENT PLAN OF THE UPC

Following the new scheduled two months extension of the period of provisional application of the UPC Agreement, the establishment plan was adapted accordingly.

Annex 1: DECISION OF THE BUDGET COMMITTEE

of 9 February 2023

adopting the third amending budget of the Unified Patent Court for the Provisional Application Period (PAP).

THE BUDGET COMMITTEE OF THE UNIFIED PATENT COURT,

Having regard to the Agreement on a Unified Patent Court, in particular Articles 36 and 37 thereof,

Having regard to the Statute of the Unified Patent Court, in particular Article 26 thereof,

Having regard to the Protocol to the Agreement on a Unified Patent Court on provisional application, in particular Article 1 thereof which provides for the provisional application of certain articles of the Agreement on a Unified Patent Court,

Considering the scheduled extension of the provisional application period until 31 May 2023,

Considering the need for the Unified Patent Court to fulfil its commitments for the related period and to prepare the entry into force of the Union Patent Court,

Considering the urgency to provide the budget and finance resources thereof to the Court

HAS DECIDED AS FOLLOWS:

Pursuant to Articles 10, 11 and 12 of the Decision of the Administrative Committee of the Unified Patent Court governing the financial management of the Court during the period of provisional application of the Agreement,

the following are:

1. adopted:

the 2nd amended budget of the Unified Patent Court for the period of provisional application, totalling **EUR 6,401,493** including the budget of the Pension and Social Security Schemes, totalling **EUR 298 811** is amended and replaced by the newly amended budget of the Unified Patent Court for the period of provisional application, totalling **EUR 10,132,857** including the budget of the Pension and Social Security Schemes, totalling **EUR 367,532**;

2. [approved:

The provisional contribution key, as set out in Annex 3.

The reinforcement to the tune of **EUR 1,000,000** of budget line 341 (working capital funds) to strengthen the capacity of the Unified Patent Court to meet any unforeseen obligations.

This decision shall enter into force on [date of decision].

Done at Luxembourg,

For the Budget Committee

The Chairperson, Bruno LEBoulenger

Annex 2: Amended budget of the Unified Patent Court

| Section | Title | Total PAP initial 24/02/2022 | Total First amended PAP 07/09/2022 | Total second amended PAP 07/11 | Total third Amended PAP 09/02/23 | Difference 3rd PAP/2nd PAP |
|----------|---------------------------------------------------------------|---------------------------------|------------------------------------------|-----------------------------------|-------------------------------------|----------------------------------|
| 3 | Operating and Financial Expenditure | € 5 765 883 | € 5 658 725 | € 5 686 033 | € 9 334 397 | € 3 648 364 |
| 31 | Salaries | € 666 686 | € 521 138 | € 935 329 | € 1 083 293 | € 147 964 |
| 311 | Court of Appeal | € 185 704 | € 157 533 | € 276 409 | € 306 891 | € 30 482 |
| 312 | Court of first instance | € 332 789 | € 271 155 | € 496 465 | € 550 474 | € 54 009 |
| 313 | Registrar & deputy registrar | € 131 812 | € 92 451 | € 133 880 | € 187 391 | € 53 510 |
| 314 | Other staff directly employed by the Court | € 16 381 | € - | € 28 574 | € 38 537 | € 9 963 |
| 32 | Pension and social security contributions | € 136 814 | € 105 540 | € 201 658 | € 246 360 | € 44 702 |
| 321 | Court of Appeal | € 38 792 | € 32 358 | € 60 539 | € 70 629 | € 10 090 |
| 322 | Court of first instance | € 68 769 | € 55 021 | € 107 842 | € 125 815 | € 17 974 |
| 323 | Registrar & deputy registrar | € 26 819 | € 18 160 | € 28 079 | € 42 119 | € 14 040 |
| 324 | Other staff directly employed by the Court | € 2 434 | € - | € 5 198 | € 7 797 | € 2 599 |
| 325 | Pension and social security contributions to national systems | € - | € - | € - | € - | € - |
| 33 | General operating expenses | € 1 681 694 | € 1 578 462 | € 2 623 599 | € 3 707 993 | € 1 084 394 |
| 331 | IT Operating Expenditure, databases and eLibrary | € 406 077 | € 489 618 | € 805 947 | € 679 547 | € 126 400 |
| 332 | Meetings of the Committees | € 15 855 | € 18 270 | € 22 925 | € 20 615 | € 2 310 |
| 333 | Translation, publication & communication costs | € 223 500 | € 213 500 | € 271 063 | € 316 500 | € 45 437 |
| 334 | Training centre | € 481 986 | € 344 347 | € 650 517 | € 899 047 | € 248 530 |
| 335 | Mediation and arbitration centre | € - | € - | € - | € - | € - |
| 336 | Duty travel | € 237 276 | € 207 727 | € 337 147 | € 418 800 | € 81 653 |
| 337 | Consultancy and audit | € 179 500 | € 167 500 | € 173 500 | € 264 167 | € 90 667 |
| 338 | Opt-out fee reimbursement | € 100 000 | € 100 000 | € 300 000 | € 1 000 000 | € 700 000 |
| 339 | Others | € 37 500 | € 37 500 | € 62 500 | € 109 318 | € 46 818 |
| 34 | Working Capital Fund | € - | € 142 897 | € 142 897 | € 1 000 000 | € 857 103 |
| 341 | Working Capital Fund | € - | € 142 897 | € 142 897 | € 1 000 000 | € 857 103 |
| 35 | Repayments to MS | € 3 280 689 | € 3 280 689 | € 1 751 913 | € 3 280 689 | € 1 528 776 |
| 351 | Asset-related repayments | € - | € - | € - | € - | € - |
| 352 | Other repayments | € 3 280 689 | € 3 280 689 | € 1 751 913 | € 3 280 689 | € 1 528 776 |
| 36 | Legal aid and reimbursement to third parties | € - | € - | € - | € - | € - |
| 361 | Legal aid | € - | € - | € - | € - | € - |
| 362 | Reimbursements to third parties | € - | € - | € - | € - | € - |
| 37 | Other general operating expenses | € - | € 2 000 | € 2 637 | € 3 063 | € 425 |
| 371 | Non-refundable taxes & public levies | € - | € - | € - | € - | € - |
| 374 | Foreign currency losses | € - | € - | € - | € - | € - |
| 375 | Damages/internal appeals Damages, internal appeals | € - | € - | € - | € - | € - |
| 376 | Bank charges | € - | € 2 000 | € 2 637 | € 3 063 | € 425 |
| 38 | Depreciation and amortization expense | € - | € - | € - | € - | € - |
| 381 | Depreciation of fixed assets | € - | € - | € - | € - | € - |
| 382 | Amortisation of intangible assets | € - | € - | € - | € - | € - |
| 39 | Financial expenses | € - | € 28 000 | € 28 000 | € 13 000 | € 15 000 |
| 4 | Capital expenditure | € 568 000 | € 645 460 | € 715 460 | € 798 460 | € 83 000 |
| 41 | IT Capital expenditure | € 568 000 | € 645 460 | € 715 460 | € 798 460 | € 83 000 |
| 411 | IT Capital expenditure | € 568 000 | € 645 460 | € 715 460 | € 798 460 | € 83 000 |
| 5 | Revenue | € 6 333 883 | € 6 304 185 | € 6 401 493 | € 10 132 857 | € 3 731 364 |
| 51 | Revenue from court fees | € - | € - | € - | € - | € - |
| 511 | Court fees | € - | € - | € - | € - | € - |
| 512 | Income from mediation centre | € - | € - | € - | € - | € - |
| 513 | Income from arbitration centre | € - | € - | € - | € - | € - |
| 52 | Contributions by participating Member States | € 6 201 510 | € 6 201 510 | € 6 201 510 | € 9 889 063 | € 3 687 553 |
| 521 | Contributions to capital expenditures | € 568 000 | € 645 460 | € 715 460 | € 798 460 | € 83 000 |
| 522 | Contributions to operating expenditures | € 5 633 510 | € 5 413 154 | € 5 343 154 | € 8 090 603 | € 2 747 450 |
| 523 | Contributions to the Working Capital | € - | € 142 897 | € 142 897 | € 1 000 000 | € 857 103 |
| 53 | Other operating income | € 132 373 | € 102 675 | € 199 983 | € 243 794 | € 43 811 |
| 531 | Other court fees | € - | € - | € - | € - | € - |
| 532 | Income from training centre | € - | € - | € - | € - | € - |
| 533 | Internal tax | € 132 373 | € 102 675 | € 199 983 | € 243 794 | € 43 811 |
| 535 | Foreign currency gains | € - | € - | € - | € - | € - |
| 54 | Work performed and capitalised | € - | € - | € - | € - | € - |
| 541 | Work performed and capitalised | € - | € - | € - | € - | € - |
| 55 | Financial income | € - | € - | € - | € - | € - |
| 551 | Financial income | € - | € - | € - | € - | € - |
| 6 | PSSS Expenditure | € 226 491 | € 174 717 | € 298 911 | € 367 532 | € 68 621 |
| 610 | Payments from Social Security Schemes | € 226 491 | € 174 717 | € 298 911 | € 367 532 | € 68 621 |
| 7 | PSSS Income | € 226 491 | € 174 717 | € 298 911 | € 367 532 | € 68 621 |
| 710 | Income Social Security Schemes | € 226 491 | € 174 717 | € 298 911 | € 367 532 | € 68 621 |

Annex 3: Provisional contribution key (for PAP only)

a. Provisional KEY and contributions dues for PAP before taking in account contributions received

| Number of accessing states | | | 17 | A | B | C |
|--------------------------------------------------------------------------|----------------------------------|--------------------------|---------------------------------------|----------------------------|---------------------------|-------------------------------------------|
| Member State | Contribution key (PC/02/041 114) | Ratification Yes=1, No=0 | Distribution key for accessing states | 521 Contributions to CAPEX | 522 Contributions to OPEX | 523 Contributions to Working Capital Fund |
| AT | 2,66 | 1,00 | 3,22 | € 25 672,71 | € 260 135,44 | € 32 152,79 |
| BE | 3,39 | 1,00 | 4,10 | € 32 718,23 | € 331 525,99 | € 40 976,67 |
| BG | 0,14 | 1,00 | 0,17 | € 1 351,20 | € 13 691,34 | € 1 692,25 |
| CY | 0,24 | 0,00 | 0,00 | € - | € - | € - |
| CZ | 0,50 | 0,00 | 0,00 | € - | € - | € - |
| DE | 38,77 | 1,00 | 46,86 | € 374 184,63 | € 3 791 522,89 | € 468 632,90 |
| DK | 1,62 | 1,00 | 1,96 | € 15 635,26 | € 158 428,35 | € 19 581,77 |
| EE | 0,11 | 1,00 | 0,13 | € 1 061,65 | € 10 757,48 | € 1 329,63 |
| FI | 1,07 | 1,00 | 1,29 | € 10 326,99 | € 104 640,95 | € 12 933,64 |
| FR | 17,02 | 1,00 | 20,57 | € 164 266,76 | € 1 664 475,62 | € 205 729,48 |
| GR | 0,85 | 0,00 | 0,00 | € - | € - | € - |
| HU | 0,60 | 0,00 | 0,00 | € - | € - | € - |
| IE | 1,18 | 0,00 | 0,00 | € - | € - | € - |
| IT | 6,44 | 1,00 | 7,78 | € 62 154,99 | € 629 801,58 | € 77 843,59 |
| LT | 0,10 | 1,00 | 0,12 | € 965,14 | € 9 779,53 | € 1 208,75 |
| LU | 0,63 | 1,00 | 0,76 | € 6 080,38 | € 61 611,02 | € 7 615,13 |
| LV | 0,04 | 1,00 | 0,05 | € 386,06 | € 3 911,81 | € 483,50 |
| MT | 0,01 | 1,00 | 0,01 | € 96,51 | € 977,95 | € 120,88 |
| NL | 6,66 | 1,00 | 8,05 | € 64 278,30 | € 651 316,55 | € 80 502,84 |
| PL | 1,05 | 0,00 | 0,00 | € - | € - | € - |
| PT | 1,04 | 1,00 | 1,26 | € 10 037,45 | € 101 707,09 | € 12 571,01 |
| RO | 0,38 | 0,00 | 0,00 | € - | € - | € - |
| SE | 2,83 | 1,00 | 3,42 | € 27 313,45 | € 276 760,63 | € 34 207,66 |
| SI | 0,20 | 1,00 | 0,24 | € 1 930,28 | € 19 559,06 | € 2 417,50 |
| SK | 0,26 | 0,00 | 0,00 | € - | € - | € - |
| UK | 12,12 | 0,00 | 0 | € - | € - | 0 |
| | 99,91 | 82,73 | 100,00 | € 798 460,00 | € 8 090 603,27 | € 1 000 000,00 |
| Control : total gross contribution due before taking in account payments | | | | | € 9 889 063,27 | = A+B+C |

b. **Provisional KEY and contributions dues after taking in account contributions received in 2022**

| Member State | Contribution key (PC/02/041114) | Ratification Yes=1, No=0 | Distribution key for accessing states | 52 total third amended PAP due | 52 initial PAP paid 2022 | 52 complement PAP to be called 2023 |
|----------------------------------------------------|----------------------------------|--------------------------|---------------------------------------|--------------------------------|--------------------------|-------------------------------------|
| AT | 2,66 | 1 | 3,22 | € 317 960,94 | € 199 395,8 | € 118 565,10 |
| BE | 3,39 | 1 | 4,1 | € 405 220,89 | € 254 117,2 | € 151 103,65 |
| BG | 0,14 | 1 | 0,17 | € 16 734,79 | € 10 494,5 | € 6 240,27 |
| CY | 0,24 | 0 | 0 | € 0,00 | € - | € 0,00 |
| CZ | 0,5 | 0 | 0 | € 0,00 | € - | € 0,00 |
| DE | 38,77 | 1 | 46,86 | € 4 634 340,42 | € 2 906 231,7 | € 1 728 108,68 |
| DK | 1,62 | 1 | 1,96 | € 193 645,38 | € 121 436,6 | € 72 208,82 |
| EE | 0,11 | 1 | 0,13 | € 13 148,76 | € 8 245,7 | € 4 903,07 |
| FI | 1,07 | 1 | 1,29 | € 127 901,58 | € 80 208,1 | € 47 693,48 |
| FR | 17,02 | 1 | 20,57 | € 2 034 471,86 | € 1 275 833,5 | € 758 638,37 |
| GR | 0,85 | 0 | 0 | € 0,00 | € - | € 0,00 |
| HU | 0,6 | 0 | 0 | € 0,00 | € - | € 0,00 |
| IE | 1,18 | 0 | 0 | € 0,00 | € - | € 0,00 |
| IT | 6,44 | 1 | 7,78 | € 769 800,16 | € 482 747,8 | € 287 052,36 |
| LT | 0,1 | 1 | 0,12 | € 11 953,42 | € - | € 11 953,42 |
| LU | 0,63 | 1 | 0,76 | € 75 306,54 | € 47 225,3 | € 28 081,21 |
| LV | 0,04 | 1 | 0,05 | € 4 781,37 | € - | € 4 781,37 |
| MT | 0,01 | 1 | 0,01 | € 1 195,34 | € - | € 1 195,34 |
| NL | 6,66 | 1 | 8,05 | € 796 097,68 | € 499 239,2 | € 296 858,49 |
| PL | 1,05 | 0 | 0 | € 0,00 | € - | € 0,00 |
| PT | 1,04 | 1 | 1,26 | € 124 315,55 | € - | € 124 315,55 |
| RO | 0,38 | 0 | 0 | € 0,00 | € - | € 0,00 |
| SE | 2,83 | 1 | 3,42 | € 338 281,75 | € 212 139,2 | € 126 142,57 |
| SI | 0,2 | 1 | 0,24 | € 23 906,84 | € 14 992,2 | € 8 914,67 |
| SK | 0,26 | 0 | 0 | € 0,00 | € - | € 0,00 |
| UK | 12,12 | 0 | 0 | € 0,00 | € - | € 0,00 |
| | 99,91 | 82,73 | 100 | € 9 889 063,3 | € 6 112 306,8 | € 3 776 756 |
| control (= cell summary incomes expenditures D237) | | | | 9889063,272 | | |

Annex 4: Amended table of posts for the UPC (chap 31 salaries)

1°) Chapter 31: Salaries

Gross salaries and allowances per Job type

| Period | PAP 10 | PAP 11 | PAP 12 | PAP 13 | PAP 14 | PAP 15 | PAP 16 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| President C.A. | € 26 711 | € 21 711 | € 21 711 | € 21 711 | € 21 711 | € 21 711 | € 21 711 |
| C.A. Judges | € 25 702 | € 20 702 | € 20 702 | € 20 702 | € 20 702 | € 20 702 | € 20 702 |
| President C.F.I. | € 24 628 | € 19 628 | € 19 628 | € 19 628 | € 19 628 | € 19 628 | € 19 628 |
| C.F.I. Judges | € 71 154 | € 56 154 | € 56 154 | € 56 154 | € 56 154 | € 56 154 | € 56 154 |
| Registrar | € - | € - | € 12 851 | € 23 202 | € 20 702 | € 20 702 | € 20 702 |
| Dep. Registrar | € - | € - | € 11 859 | € 21 218 | € 18 718 | € 18 718 | € 18 718 |
| Total judges and Registrars | € 148 195 | € 118 195 | € 142 905 | € 162 615 | € 157 615 | € 157 615 | € 157 615 |
| Head Arb. Ctr. | € - | € - | € - | € - | € - | € - | € - |
| Head Training Ctr. | € - | € - | € - | € - | € 16 179 | € 11 179 | € 11 179 |
| Secr. Arb. Ctr. | € - | € - | € - | € - | € - | € - | € - |
| Secr. Training Ctr. | € - | € - | € - | € - | € - | € - | € - |
| IT engineers | € - | € - | € - | € - | € - | € - | € - |
| Case managers | € - | € - | € - | € - | € - | € - | € - |
| Clerks | € - | € - | € - | € - | € - | € - | € - |
| Secretaries | € - | € - | € - | € - | € - | € - | € - |
| Accountants | € - | € - | € - | € - | € - | € - | € - |
| Total | € 148 195 | € 118 195 | € 142 905 | € 162 615 | € 173 794 | € 168 794 | € 168 794 |

2°) NUMBER OF STAFF (Full time equivalents)

| Number of staff (FTE) | nov-22 | déc-22 | janv-23 | févr-23 | mars-23 | avr-23 | mai-23 |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|
| Period/year | PAP 10 | PAP 11 | PAP 12 | PAP 13 | PAP 14 | PAP 15 | PAP 16 |
| President C.A. | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 |
| C.A. Judges | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 |
| President C.F.I. | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 |
| C.F.I. Judges | 3,0 | 3,0 | 3,0 | 3,0 | 3,0 | 3,0 | 3,0 |
| Registrar | 0,0 | 0,0 | 0,5 | 1,0 | 1,0 | 1,0 | 1,0 |
| Dep. Registrar | 0,0 | 0,0 | 0,5 | 1,0 | 1,0 | 1,0 | 1,0 |
| Total judges and Registrars | 6,0 | 6,0 | 7,0 | 8,0 | 8,0 | 8,0 | 8,0 |
| Head Arb. Ctr. | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Head Training Ctr. | 0,0 | 0,0 | 0,0 | 0,0 | 1,0 | 1,0 | 1,0 |
| Secr. Arb. Ctr. | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Secr. Training Ctr. | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| IT engineers | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Case managers | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Clerks | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Secretaries | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Accountants | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 | 0,0 |
| Total | 6,0 | 6,0 | 7,0 | 8,0 | 9,0 | 9,0 | 9,0 |

Annex 4 Continued (2 Income tax & MSS , recruitment plan)

3°) chap 533 INCOME TAX (unchanged since BC decision of 07/09/2022):

Tax rate

| monthly | from | to | % |
|---------|---------|---------|-------|
| Tax 1 | € 127 | € 2 234 | 8.0% |
| Tax 2 | € 2 234 | € 3 077 | 10.0% |
| Tax 3 | € 3 077 | € 3 526 | 12.5% |
| Tax 4 | € 3 526 | € 4 004 | 15.0% |
| Tax 5 | € 4 004 | € 4 453 | 17.5% |
| Tax 6 | € 4 453 | € 4 889 | 20.0% |
| Tax 7 | € 4 889 | € 5 338 | 22.5% |
| Tax 8 | € 5 338 | € 5 774 | 25.0% |
| Tax 9 | € 5 774 | € 6 223 | 27.5% |
| Tax 10 | € 6 223 | € 6 659 | 30.0% |
| Tax 11 | € 6 659 | € 7 108 | 32.5% |
| Tax 12 | € 7 108 | € 7 544 | 35.0% |
| Tax 13 | € 7 544 | € 7 993 | 40.0% |
| Tax 14 | € 7 993 | € - | 45.0% |

4°) Social Security contribution rates

| Scheme | Staff Contribution | UPC Contribution % |
|------------------|--------------------|--------------------|
| Pension | 10.80% | 16.20% |
| Health | 1.27% | 2.83% |
| Invalidity/Death | 0.00% | 5.50% |
| Long-term care | 0.00% | 0.00% |

All contributions are calculated on the gross salary.

5°) Recruitment plan

Recruitments for UPC salaries have reached a key point with appointment of full Presidium, Registrar and Deputy registrar.

For the PAP, statement that recruitment of only the necessary number of seven judges constituting the Presidium remains. Of these seven judges, (President of the Court of Appeal, two part-time legally qualified judges of the Court of Appeal, President of the Court of First Instance, three full-time legally qualified judges of the Court of First Instance, corresponding to six full time equivalents (FTEs). Those seven judges form the UPC's Presidium, in accordance with Article 15(1) of the UPC Statute. In addition, the registrar and the deputy-registrar are appointed yet. Director of the training centre is scheduled to be appointed during the PAP. Director of the Arbitrating and Remediation Center is scheduled to be appointed after the Entry in to force of the Agreement thus is not counted here.

Annex 4 continued (3 salary payments, Pension & MSS scheme)

The remaining pool of judges and staff have been appointed (but not salaried) and have started training courses. They only start receiving salary payments with the entry into force of the UPC Agreement (scheduled at the beginning of the second quarter 2023). All judges, registrar, deputy registrar and relevant staff including those provided by Member States started preparatory training during the PAP, the costs of which are borne by the UPC and duly budgeted.

This training courses during PAP will cover the extended PAP period until month sixteen of PAP.

In total, UPC has appointed yet 88 judges (34 legally qualified judges and 51 technically qualified judges), with a reserve list of 45 judges subject to the decisions of the administrative committee.

The present Budget contains provisions to perform additional recruitment procedure regarding legally qualified judges and technically qualified judges, taking in account the current uncertainty regarding the number and complexity of cases incoming at the beginning of the FAP period.

6°) Salary payments

The calculation of salaries is based on the salary grid as decided by the Preparatory Committee in its 14th meeting on 24.2.2016 (PC/12/Feb2016) in 2016 and the internal EU tax grid of 2021 (see rates above Annex 4.3). Net salaries were calculated taking into account internal tax, social security contributions and average allowances. This third amending PAP budget includes updated parameters of medical and social security scheme (see below). Updated Income tax rates have been already been taken in account in the first and second amending PAP budget.

7°) chap 32 Pension and Social security schemes

Pension Plan

The present amending budget stands on the principles and rates recorded for the first amending budget according to the decisions of the Administrative committee meeting the 8 July 2022.

Medical and social scheme

The present amending budget takes in consideration the approved proposal of medical and social scheme, with parameters identical to those recorded in the 2nd amending budget. As reminder, the detailed rates for the Budget are:

- 3,80% for medical and social coverage, 1/3 by the salary (1,73%) and 2/3 (2,37%) by the Court.
- 0,3% for management fee, borne in full by the UPC applying the general principle that management costs are borne by the employer.
- 35% discount for entitled part time judges (50%) who are invited to rely on their national scheme for primary coverage.
- 5,5% for invalidity/death risk, applied to all UPC staff and borne in full by the Court.

The medical and social coverage and contribution rates of case by case judges are not mentioned here since Case by case judges will be paid only after entry into force. Related parameters will be defined beforehand.

Annex 4: Continued (chapters 33, 339 & 34)

8°) Chapter 33: General operating expenditure

331 IT operating expenditure:

The Amended budget updates IT operating expenditure from € 806,9k. to € 679,5k (reminder : initial PAP was € 406 k) after taking in account adjustment of the actual needs. To be noted that two Member States (Luxemburg and Sweden) have incurred payments to IT providers in 2022 during PAP, on behalf of UPC pursuant to contracts signed before the PAP, until transfer of these contracts to UPC. These expenses are deemed entitled to be reimbursed by the UPC. The accurate processing for organizing theses reimbursement and record them in the budget and accounts will be assessed in separately.

334 Training

The present Budget confirms the scheduled trainings courses for judges and staff until entry into force and considers the opportunity of additional trainings closer to the entry into force if needed. As for the former amending budgets, expenditure for the training centre represents the full training costs (including travel cost and daily allowance for the trainees).

336 Duty Travel

The present amended Budget reflects share between the Court and Member States regarding duty travel costs. Only costs incurred by the Presidium, the registrar and, as appropriate, deputy registrar and the training center director are deemed borne by the UPC's Budget for other duties than training courses. For training courses, all appointed judges (salaried or not) are entitled to reimbursement by the Court. The draft Budget confirms assumption of intensive work of the presidium and schedules also additional meetings of the advisory committee for the additional rounds of recruitment of judges

Duty travel are a pillar of the functioning of the Court and its importance will growth in time. A regular and close review of implementation of the duty travel rules in practice will be carried out in order to adapt them to the needs of the Judges and staff as keeping the related expenses under control.

9°) chap 339 Case Management operations (Opt out and other operations)

The present amending budget confirms the updated assumed number of Opt out requests during the Sunrise period. Budget line devoted to payment of fees for managing the Opt is increased accordingly up to € 1M instead of € 300K. If needed, working capital fund (see below) would be used accordingly.

10°) Chapter 34: Working Capital Fund

The first amended PAP budget has generated an overfunding of EUR 143k and filled the Working capital fund with this amount. The present third amending draft budget proposes to increase this amount up to € 1M. It seems prudent to ensure that UPC meets unavoidable expenses that cannot be accurately estimated at the moment but may occur before the end of the PAP, notably in case of an ultimate technical extension of the PAP or any other unexpected event such as more opt out request than expected. It does not presume decision regarding the working capital fund for the first accounting period and later, that requires a separate decision.

Annex 4: Continued (chapters 39, 41, 53, 61, 71)

11°) Chapter 39: Financial Expenses

Extension of the monthly amount. Negative interest rates have ceased in September 2022.

12°) Chapter 41: IT Capital Expenditure

| IT Capital expenditures | total 1st amended PAP | total 2nd amended PAP | total 3rd amended PAP |
|-----------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| CMS (Net Service) | € 278 460 | € 298 460 | € 324 460 |
| Corporate Web site (Blue-Bag) | € 60 000 | € 90 000 | € 100 000 |
| Central Mail & Document Sharing (Net Se | € 60 000 | € 60 000 | € 66 000 |
| Other (TBD) | € 46 800 | € 46 800 | € 66 800 |
| Integrated Video Conferencing (TBD) | € 50 000 | € 50 000 | € 50 000 |
| Corporate Functions modules | € 150 200 | € 170 200 | € 191 200 |
| Total | € 645 460 | € 715 460 | € 798 460 |

IT investments recorded in the amended budget for EUR 715 k were scheduled to cover completion and update of the IT systems by the entry into force and “sunrise period”. Following the recommendation of the IT Working Group, a prudent approach remains for the present third amending PAP budget by increasing the amount of budget devoted to IT investments to € 798,5 k to cover in full confidence the extension of the PAP period until 31 May.

13°) Chapter 53: Other Operating Income

Internal Tax

Income from internal tax is scheduled for the extended PAP period until 31 may 2023 (month sixteen), recording income tax to be paid by UPC staff actually recruited and paid during PAP.

14°) Chapter 61: PSSS Expenditure

The budget reflects PSSS Expenditure, which is for planning purposes considered equivalent to the Contributions of the Court and the Staff (assumption that expenditure is equivalent to income).

15°) Chapter 71: PSSS Income

The budget reflects PSSS Income, which is equivalent to the Contributions of the Court and the Staff.

| | |
|---------------------------------------|------------------|
| PSSS Expenditure | € 367 532 |
| Payments from Social Security Schemes | € 367 532 |
| Pension scheme | € 271 130 |
| Healthcare scheme | € 41 172 |
| Long-term care scheme | € - |
| Invalidity/death scheme | € 55 230 |
| Unemployment scheme | € - |
| PSSS Income | € 367 532 |

