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Public consultation on the review of the European long-term investment funds (ELTIF) regulatory framework

Fields marked with * are mandatory.

Introduction

The **short version** of this consultation is also available in **German** and **French**.

Die **kurze Version** dieser öffentlichen Konsultation ist auch auf **Englisch** und **Französisch** verfügbar.

La **version courte** de cette consultation est également disponible en **allemand** et en **anglais**.

Disclaimer

This public consultation is a working document of the Commission services for consultation and does not prejudge the final decision that the Commission may take.

The views reflected on this consultation paper provide an identification on the approach the Commission services may take but do not constitute a final policy position or a formal proposal by the European Commission.

1. Background of this public consultation

Regulation (EU) 2015/760 on European long-term investment funds (ELTIF) is a pan-European framework for Alternative Investment Funds (AIFs)[1] that invest in longer term real economy investments such as social and infrastructure projects, real estate and SMEs. ELTIFs can serve as important conduits of investments to support the capital markets union, the European green deal and the digital single market.

The ELTIF regime is intended to facilitate investment in these assets by pension funds, insurance companies, professional and retail investors providing an alternative non-banking source of finance. Such long-term finance is critical to enabling the development of the European economy on the path of smart, sustainable and inclusive growth, while supporting job creation and improving overall economic competitiveness and resilience to systemic shocks. The

ELTIF Regulation lays down uniform rules on the authorisation, investment policies and operating conditions of EU AIFs and marketed in the Union as ELTIFs. ELTIFs may also, under certain conditions, be marketed to retail investors under a pan-European passport.

Since the adoption of the ELTIF legal framework in April 2015, only a small number of ELTIFs have launched with a relatively small amount of net assets under management (total AuM below EUR 2 billion). There are currently approximately 27 ELTIFs in the EU, while only 22 ELTIFs are estimated to being marketed and a number of Member States have no domestic ELTIFs. The failure of the ELTIF market to develop as expected highlights the need to complete a review of the regulation to better understand the reasons behind the low uptake and develop policy options to improve the attractiveness of the ELTIF regime. By reviewing the legal and policy elements of the ELTIF framework, the Commission aims to enhance attractiveness of the ELTIF legal framework for long-term investment projects, increase the number of ELTIF funds and overall investment in the real economy.

In June 2020, the High Level Forum on the Capital Markets Union (HLF) has made a set of specific recommendations calling for a review of the ELTIF Regulation broadening the scope of eligible assets and reducing potential barriers to investment. The Commission is currently assessing the HLF's recommendations as part of the ELTIF review and the CMU action plan.

Under Article 37 of the ELTIF Regulation, the Commission is required to review the framework and submit a report to the co-legislators assessing the contribution of the ELTIF Regulation and of ELTIFs to the development of the capital markets union and smart, sustainable and inclusive economic growth. If deemed necessary, the report will be accompanied by a legislative proposal.

2. High-Level Forum's recommendations for the review of the ELTIF regime

Since the publication of the first capital markets union (CMU) action plan in 2015, many actions were taken to develop adequate sources of long-term funding. The CMU is built on the understanding that it will enable EU companies to access more stable and long-term financing. Tackling the climate crisis and managing the energy transition to a low carbon economy, as well as other environmental and social challenges requires a real long-term horizon and long-term investments. The success of investments in new technologies and infrastructures requires effective regulatory frameworks, robust and cost-effective financial structures.

Furthermore, financing for projects such as transport infrastructure, sustainable energy generation or distribution, social infrastructure (housing or hospitals), the roll-out of new technologies and systems that reduce the use of resources and energy, or the further growth of SMEs, can be scarce. As the financial crisis has shown, complementing bank financing with a wider variety of financing sources that better mobilise capital markets could help tackle financing gaps. ELTIFs can play a crucial role in this respect, and can also mobilise capital by attracting retail and third-country investors.

In June 2020, the High Level Forum on the CMU issued a number of recommendations for the review of the ELTIF Regulation by both amending and/or adding new provisions to the existing legal framework, such as reducing barriers to investments and broadening the scope of eligible assets and investments.

The Commission has committed to conducting an impact assessment of the ELTIF regime that will explore whether targeted amendments to the legislation can deliver a more proportionate regulatory environment and facilitate the improvement of the ELTIF framework. The objective of this process is to improve the effectiveness of the regulatory regime for ELTIFs and their managers, alleviate the administrative burden where possible while ensuring that ELTIFs are the fund structure of choice for channelling funding to long-term investment projects, while maintaining adequate investor protection safeguards.

This public consultation will support the policy work of the Commission services in assessing the ELTIF regulatory framework and preparing policy proposals in this area. The Commission services are committed to comprehensively evaluating the functioning of the ELTIF regulatory framework and exploring options to tailor and, where appropriate, amend the provisions of the ELTIF Regulation and the implementing EU legislation.

This public consultation will also contribute to the Report of the European Commission to the European Parliament and the Council pertaining to the functioning of the ELTIF Regulation and fulfil the legal mandate set out in Article 37 of the ELTIF Regulation.

3. Responding to this consultation and follow up to the consultation

In this context and in line with the better regulation principles, the Commission will launch an open public consultation to gather evidence and stakeholders' feedback on the challenges, barriers and opportunities for improvements to the ELTIF regulatory framework.

While responding to the regulatory barriers and regulatory opportunities, two principles should be kept in mind. First, the review of regulatory issues in the ELTIF regime should not undermine the effectiveness of its investor protection safeguards. Second, while the focus of this public consultation is on the evaluation and the intended improvement of the ELTIF regime, this public consultation will also take into account the parallel consultations and/or review processes, irrespective of the timing, of the other EU financial acquis, such as that of the AIFMD and the MiFID II/MiFIR.

In order to collect further evidence, the Commission is seeking for views on the main reasons behind the slow uptake in ELTIFs across the Union, as well as reasoned and numerically supported suggestions for an improved functioning of the ELTIF regime.

The consultation will allow stakeholders to either respond to the short version of the questionnaire comprising general questions on the ELTIF framework, or a the full version of the questionnaire comprising both general and targeted questions on the operation of the ELTIF regime.

Interested parties are invited to provide feedback on the questions raised in this online questionnaire.

Views are welcome from anyone.

If you are representing Member States, national competent authorities and/or ESMA, market participants, such as asset managers, investment firms, credit institutions, financial intermediaries, stock exchanges, institutional and retail investors, consumer and investor organisations, manufacturers and distributors of financial products and services, financial and legal advisers or other services providers, as well as academics and policy think-tanks, you are kindly requested to disclose your affiliation below.

We invite you to add any documents and/or data that you would deem useful to your replies at the end of this questionnaire, and **only through the questionnaire**.

Please explain your responses and, as far as possible, illustrate them with concrete examples and substantiate them numerically with supporting data and empiric evidence. Where appropriate, provide specific operational suggestions to questions raised. This will allow further analytical elaboration.

You are not required to answer every questions and you may respond to only those questions that you deem the most relevant.

You are requested to read the privacy statement attached to this consultation for information on how your personal data and contribution will be dealt with.

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[1] In the context of the public consultation on the functioning of the Directive 2011/61/EU on alternative investment fund managers (AIFMD), it should be clarified that this public consultation on Regulation (EU) 2015/760 on European long-term investment funds (ELTIF) should be considered as a separate workstream. Stakeholders are hereby invited to provide any ELTIF regime specific feedback and/or data within the remits of this consultation.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-eltif-public-consultation@ec.europa.eu.

More information on

- this consultation
- the consultation document
- investment funds
- the protection of personal data regime for this consultation

About you

*Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English (selected)
- Estonian
- Finnish
- French
- Gaelic
- German
- Greek
- Hungarian
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian

- ( ) Slovak
- ( ) Slovenian
- ( ) Spanish
- ( ) Swedish

* I am giving my contribution as

- ( ) Academic/research institution
- (x) Business association
- ( ) Company/business organisation
- ( ) Consumer organisation
- ( ) EU citizen
- ( ) Environmental organisation
- ( ) Non-EU citizen
- ( ) Non-governmental organisation (NGO)
- ( ) Public authority
- ( ) Trade union
- ( ) Other

* First name

arthur

* Surname

carabia

* Email (this won't be published)

arthur.carabia@icmagroup.org

* Organisation name

255 character(s) maximum

International Capital Market Association

* Organisation size

- ( ) Micro (1 to 9 employees)
- (x) Small (10 to 49 employees)
- ( ) Medium (50 to 249 employees)
- ( ) Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the transparency register. It's a voluntary database for organisations seeking to influence EU decision-making.

0223480577-59

* Country of origin

Please add your country of origin, or that of your organisation.

- Afghanistan
- Åland Islands
- Albania
- Algeria
- American Samoa
- Andorra
- Angola
- Anguilla
- Antarctica
- Antigua and Barbuda
- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Djibouti
- Dominica
- Dominican Republic
- Ecuador
- Egypt
- El Salvador
- Equatorial Guinea
- Eritrea
- Estonia
- Eswatini
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- Libya
- Liechtenstein
- Lithuania
- Luxembourg
- Macau
- Madagascar
- Malawi
- Malaysia
- Maldives
- Mali
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Saint Martin
- Saint Pierre and Miquelon
- Saint Vincent and the Grenadines
- Samoa
- San Marino
- São Tomé and Príncipe
- Saudi Arabia
- Senegal
- Serbia
- Seychelles
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia

Bahrain	French Polynesia	Micronesia	South Africa
Bangladesh	French Southern and Antarctic Lands	Moldova	South Georgia and the South Sandwich Islands
Barbados	Gabon	Monaco	South Korea
Belarus	Georgia	Mongolia	South Sudan
Belgium	Germany	Montenegro	Spain
Belize	Ghana	Montserrat	Sri Lanka
Benin	Gibraltar	Morocco	Sudan
Bermuda	Greece	Mozambique	Suriname
Bhutan	Greenland	Myanmar /Burma	Svalbard and Jan Mayen
Bolivia	Grenada	Namibia	Sweden
Bonaire Saint Eustatius and Saba	Guadeloupe	Nauru	Switzerland
Bosnia and Herzegovina	Guam	Nepal	Syria
Botswana	Guatemala	Netherlands	Taiwan
Bouvet Island	Guernsey	New Caledonia	Tajikistan
Brazil	Guinea	New Zealand	Tanzania
British Indian Ocean Territory	Guinea-Bissau	Nicaragua	Thailand
British Virgin Islands	Guyana	Niger	The Gambia
Brunei	Haiti	Nigeria	Timor-Leste
Bulgaria	Heard Island and McDonald Islands	Niue	Togo
Burkina Faso	Honduras	Norfolk Island	Tokelau
Burundi	Hong Kong	Northern Mariana Islands	Tonga

- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d’Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus

- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia

- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy

- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen

○ Czechia	○ Lebanon	○ Saint Helena Ascension and Tristan da Cunha	○ Zambia
○ Democratic Republic of the Congo	○ Lesotho	○ Saint Kitts and Nevis	○ Zimbabwe
○ Denmark	○ Liberia	○ Saint Lucia	

* Which of the following fields of activities or sectors best describe yourself / your organisation (if applicable):

at least 1 choice(s)

- [x] Asset manager (e.g. fund manager, hedge funds, private equity funds, venture capital funds, money market funds)
- [ ] Investment bank
- [ ] Independent research provider
- [ ] Sell-side firm
- [ ] Buy-side entity
- [ ] Corporate
- [ ] Issuer
- [ ] Institutional investor
- [ ] Retail/private investor
- [ ] Consumer association
- [ ] Accounting firm
- [ ] Auditing firm
- [ ] Credit rating agency
- [ ] Other

* Publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

○ **Anonymous**
Only your type of respondent, country of origin and contribution will be published. All other personal details (name, organisation name and size, transparency register number) will not be published.

- **Public**
  Your personal details (name, organisation name and size, transparency register number, country of origin) will be published with your contribution.

☑ I agree with the personal data protection provisions

Choose your questionnaire

***Please indicate whether you wish to respond to the short version (6 questions) or full version (42 questions) of the questionnaire.**

The short version only covers the general aspects of the ELTIF regime.

The full version comprises 36 additional questions addressing more technical features.

Note that only the questions that are part of the short version are also available in French and German.

- I want to respond only to the **short version of the questionnaire** (6 questions)
- I want to respond to the **full version of the questionnaire** (42 questions)

1. Introductory questions

Question 1. Please specify to what extent you agree with the statements below?

	1 (fully disagree)	2 (somewhat disagree)	3 (neutral)	4 (somewhat agree)	5 (fully agree)	Don't know - No opinion - Not applicable
The ELTIF framework has been successful in achieving its objective of raising and channelling capital towards European long-term investments in the real economy	X					
The scope of the ELTIF authorisation is appropriate					X	
The costs of launching and operating an ELTIF, and the regulatory and administrative burdens are appropriate	X					
The ELTIF regime is relevant to the needs and challenges in EU asset management		X				
The existing ELTIF regime is consistent with the CMU objectives		X				
The ELTIF regime has brought added value to investors in and the financing of long-term projects		X				
The ELTIF investor protection framework is appropriate		X				

Question 1.1 Please explain your position on your responses to question 1, providing key arguments to support your answers:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The ELTIF regulation has not yet achieved its objectives.The data supports the need for a broad and bold review of the founding regulation of ELTIFs : only 28 ELTIFs were launched across the EU with more than €2 billion of AUM. If ELTIFs are only a sub-category of AIFs there is definitely more room for them to grow and develop and finally contribute to the CMU objectives.To put in perspective there were almost 30000 AIFs at the end of 2020 with approximately €6.6 trillion of AUM (with retail investors owning directly 16% of the NAV). ELTIFs weighs only 0.0003% of the total NAV of AIFs. Among AMIC members, who oversee trillions euros worth of assets including assets classes which could be eligible to ELTIFs, only three members have launched ELTIFs (9 in total).

We believe the need for investment into long-term assets has not decreased and that ELTIF should be instrumental for investment into small and medium-sized companies and infrastructures, including sustainable projects/assets.

We believe the slow take-up of ELTIFs are due (1) to the regulation itself (eligible assets, prudential and retail distribution rules) and (2) well-identified taxation issues.

On the first point, our view is that the cumulation of stringent operational rules makes this vehicle extremely uncompetitive comparing to other vehicles (and despite inherent advantages such as the retail passport which does not exist for other AIFs). We believe these aspects are well-identified by the consultation and we are hopeful that they will be addressed by the legislative proposal.

Taxation is another major blocking aspect for cross-border investments. We believe this needs to be tackled in the context of this specific the regulation but also (in a complementary way) with the implementation of a common, standardised, EU-wide system for withholding tax relief at source (as proposed under the latest CMU action plan).

Question 2. Please indicate the areas and provisions in the ELTIF regime where policy action would be most needed to improve the functioning of the ELTIF regulatory framework? Please rate as follows:

	1 (no policy action needed)	2 (policy action could be considered)	3 (policy action desirable)	4 (policy action needed)	5 (policy action very strongly needed)	Don't know - No opinion - Not applicable
General princinples and definitions used in the ELTIF Regulation					X	
Market capitalisation threshold defining an SME equity or debt issuer					X	
Authorisation requirements				X		
Operational conditions					X	
Passportability of ELTIFs				X		
Rules pertaining to eligible investments					X	
Clarification and/or practical guidance on the eligibility requirements, notably in relation to investments in real assets					X	
Rules pertaining to the prohibition to undertake certain activities					X	
Rules concerning the qualifying portfolio undertakings					X	

Conflict of interests related rules, including the ban on co-investment	○	○	○	○	●	○
Portfolio composition and diversification rules and their application	○	○	○	○	●	○
Concentration limits	○	○	○	○	●	○
Rules and limitations related to the borrowing of cash	○	○	○	○	●	○
Redemption related rules and life-cycle of ELTIFs	○	○	○	○	●	○
Rules concerning the disposal of ELTIF assets	○	○	○	○	●	○
Transparency requirements	○	○	○	●	○	○
Prospectus-related provisions	○	○	○	●	○	○
Cost disclosure related rules	○	○	○	○	○	○
Rules pertaining to the facilities available to investors for making subscriptions	○	○	○	○	○	○
Requirements concerning the marketing and distribution of ELTIFs to investors	○	○	○	○	●	○
Specific provisions concerning the depositary of an ELTIF marketed to retail investors	○	●	○	○	○	○
Provisions and rules pertaining to the marketing of ELTIFs to retail investors	○	○	○	○	●	○

Provisions integrating the EU Taxonomy for sustainable activities into the ELTIF framework	○	○	○	○	○	○
Inconsistent or duplicative application of the ELTIF related requirements by Member States	○	○	○	○	●	○
Issues arising from the supervisory practices within Member States	○	○	○	○	○	●
Cross-border marketing related challenges	○	○	○	○	●	○
Excessive reliance on distribution networks to market ELTIFs	○	○	○	○	○	●
Excessive costs of setting up and operating ELTIFs	○	○	○	●	○	○
Competition from existing national fund structures	○	○	○	●	○	○
Taxation related issues	○	○	○	○	●	○
Other aspects	○	○	○	○	○	●

Question 2.1 Please explain your position on your answer to question 2, providing your arguments, and where appropriate, concrete examples and data to support your answers:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe most of the aspects identified in question 2 are relevant. We have submitted more detailed comments on these points when they are further explored later in the consultation.

Question 3. Please rate the following characteristics of the ELTIF framework based on how positive or negative their impact is, as follows:

	-2 significant negative impact	-1 negative impact	0 no impact	1 positive impact	2 significant positive impact	Don't know - No opinion - Not applicable
Broad scope of eligible assets under the ELTIF regime	●	○	○	○	○	○
Long-term and illiquid nature of the investments of an ELTIF	○	○	○	●	○	○
Operational conditions	●	○	○	○	○	○
Transparency requirements	○	●	○	○	○	○
Availability of ELTIFs to retail investors	●	○	○	○	○	○
Requirements and safeguards for marketing of ELTIFs to retail investors	●	○	○	○	○	○
Validity of an authorisation as an ELTIF for all Member States	○	●	○	○	○	○
Other aspects	●	○	○	○	○	○

Please specify what are the other aspects of the ELTIF you refer to in your answer to question 3:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Taxation issues: please refer to our response to question 1 and 32.

Question 3.1 Please explain your position on your answer to question 3, providing your arguments, and where appropriate, concrete examples and data to support your answers:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Our rating is based on the existing framework.We have submitted more detailed comments on these policy options when they are further explored later in the consultation.

2. Scope of the ELTIF authorisation and process

Question 4. Is the scope of the ELTIF authorisation and operating conditions appropriate?

Please explain your answer.

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

If authorisation should remain the competency of NCAs, the marketing of ELTIFs on a cross-border should at least be facilitated and to that end some clarification could be introduced regarding roles of home/host regulators and key definitions in the regulation (e.g. real assets, investment outside the EU).

Alternatively, policy makers could also decide to go one step further and consider (given the detailed operational and distribution rules which apply to ELTIFs and its pan-European nature) whether a single home Member State filing and authorisation should validate the right to market ELTIFs across the EU. This European passport could be underpinned by a pan-European marketing regime for ELTIFs to address diverging approaches between member states (e.g., financial promotions, advertisements, investor letters).

Question 5. Should the ELTIF framework be amended to enhance the use of the ELTIF passport?

- (x) Yes
- ( ) No
- ( ) Other
- ( ) Don’t know / no opinion / not relevant

Question 5.1 Please explain how you think the ELTIF framework should be amended to enhance the use of the ELTIF passport.

Please explain your suggestions, including benefits and disadvantages as well as potential costs thereof, where possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is our understanding that ELTIFs are in the scope of the legislative package which aims at easing the cross-border distribution of funds (largely taking effect from 2 August 2021) and should benefit from the provisions introduced both in the Directive (e.g. pre-marketing regime for AIFs, alignment of certain notifications in host Member State) and the Regulation (e.g. transparency national provisions concerning marketing requirements). However this is not entirely clear and subject to interpretation and it might therefore be worth clarifying this in the context of this review and level 2/3 measures of the cross-border distribution package.

If need be other improvements can be achieved at the level of NCAs and ESMA making use of supervisory convergence tools (i.e. Q&As and convergence supervisory action, EU peer reviews, pooling of resources at European level to support the supervisory work of NCAs). For instance, cross-jurisdictional marketing registration and notification procedure sometimes require a signed/final distribution agreement, thereby considerably restricting the time to market of funds distributed by distributors in a given distribution window. NCAs could agree that registrations/notifications in additional jurisdictions could be permitted based on 'soft' confirmations or draft distribution arrangements. This is just one example among others.

Policy makers could also decide to go one step further and consider (given the detailed operational and distribution rules which apply to ELTIFs and its pan-European nature) whether a single home Member State filing and authorisation should validate the right to market ELTIFs across the EU. This European passport could be underpinned by a pan-European marketing regime for ELTIFs to address divergent approaches between member states (e.g. financial promotions, advertisements, investor letters).

3. Investment universe, eligible assets and qualifying portfolio undertakings

Question 6. Should any of the following investments be eligible under the revised ELTIF framework? Please rate as follows:

	-2 investments should be strongly discouraged	-1 investments should be discouraged	0 no impact	1 investments should be encouraged	2 investments should be strongly encouraged	Don't know - No opinion - Not applicable
Investments in innovative technologies						X
Investments in green, sustainable and/or climate related projects						X
Investments in projects that classify as sustainable under the EU taxonomy for sustainable activities						X
Post-COVID 19 recovery related projects						X
Any financial assets with long-term maturities						X
Investments in digital assets and infrastructure						X
Investments in social infrastructure and social cohesion						X
Investments in energy infrastructure and energy efficiency						X
Any real estate assets, including commercial and residential real estate without a perceived economic or social benefit under the Union's energy, regional and cohesion policies					X	

The scope of the investment universe of ELTIFs and eligible assets as currently set out in the ELTIF Regulation be further expanded to other areas and asset classes					X	
The scope of the investment universe of ELTIFs and eligible assets as currently set out in the ELTIF Regulation be more restricted or limited to a narrower set of assets/investments	X					
Other types of assets and investment targets, and/or other regulatory approaches should be pursued					X	

Please specify what are the other types of assets and investment targets, and /or other regulatory approaches should be pursued you refer to in your reply to question 6:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Investments in all areas mentioned above are already allowed under the regulation and should not be explicitly mentioned or defined. There should be no compulsory minimum investments targeting in any of these areas, but all should be permitted if ELTIFs managers want to invest in them in line with the ELTIF regulation. We would advise against further defining these terms and would argue on the contrary to drop some of existing ones in particular in relation to real assets. Adding new terms will further narrow eligible investments which is one of the main obstacle which this review needs to overcome. We believe that the regulation should simply state that the investments should be 'long-term and give rise to any investment, economic or social benefit'.

Question 6.1 Please explain your position on your responses to question 6, including the benefits and disadvantages as well as potential costs thereof, where possible.

In particular, please indicate if you consider that any changes in the ELTIF regime are necessary, and if so which ones, and why? Should you be of the opinion that investments in certain eligible assets be strongly encouraged, please provide further details on the possible definitions and scope of such different assets (e.g. references to existing or new legal definitions, examples, etc.):

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 7. Should some of the definitions related to the investment universe of ELTIFs and eligible assets used in the ELTIF Regulation, such as "long-term", "capital", "social benefit", "debt", "sustainable", "energy, regional and cohesion policies" and "speculative investments" be revised to enhance the

clarity and certainty around the application of the ELTIF regime?

If so, how should those definitions be amended and why?

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would advise against further defining these terms and would argue on the contrary to drop some of existing ones in particular in relation to real assets. Adding new terms will further narrow eligible investments which is one of the main obstacle that this review needs to overcome. We believe that the regulation should simply state that the investments should be 'long-term and give rise to any investment, economic or social benefit'.

Question 8. Is the ELTIF framework appropriate in respect of the provisions related to investments in third countries?

- Yes
- **No** (selected)
- Don't know / no opinion / not relevant

Question 8.1 Please explain your answer to question 8.

In particular, please describe in detail any necessary adjustments to enhance legal certainty, for instance, with respect to the proportion invested in EU Member States with a view to benefit the ELTIF market, their managers and the broader European economy.

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

According to some of our members some regulators restrict the investment allocation to EU investments which goes against the level 1 (despite recital 4: “long term investments (…) in third countries can also bring capital to ELTIFs and thereby benefit the European economy”). This may be due to restrictive reading of the regulation (e.g. art. 1.2 and art. 2.6).

We would hope that the review would the opportunity to reinforce and clarify the possibility to invest in assets in third countries and make sure the regulation is enforced in a more harmonised way across the EU in the future. Investors should be allowed to access a globally diversified pool of assets via ELTIFs and reducing their capacity to invest in regions were growth may be more pronounced in the future would be counter-productive (especially considering the need to close the pension gap).
Enabling ELTIFs to efficiently invest and market both within and outside the EU will also contribute to the development of the ELTIF “brand” with the objective of replicating the global success of the UCITS framework, which has contributed to channel investments in the EU.

Taxation is a problem for ELTIF generally speaking but this is even more acute for ELTIFs considering investment outside the EU. The requirement for a non-EU country to have concluded tax agreements with the ELTIF’s home Member State and with every other Member State in which an ELTIF intends to market, before an ELTIF can make the non-EU portfolio investment is unworkable. This provision is blocking the cross-border distribution of funds at EU level. Instead, the non-EU country should only be required to have a tax agreement in place with the ELTIF’s home Member State and there should be an obligation on the ELTIF EU Member State authorities to share information received under its tax cooperation agreement with other EU Member State, if necessary.

Question 9. Which provisions and requirements related to the eligibility of investments and investment assets set out in the ELTIF Regulation should be updated to improve the functioning of the ELTIF framework? Please rate as follows:

	1 (no policy action needed)	2 (policy action could be considered)	3 (policy action desirable)	4 (policy action needed)	5 (policy action very strongly needed)	Don't know - No opinion - Not applicable
A size requirement of at least EUR 10 000 000 for eligible real assets investments		X				
A condition for an exposure to real estate through a direct holding or indirect holding through qualifying portfolio undertakings of individual real assets					X	
Limitation on eligible investment assets to units or shares of ELTIFs, EuVECAs and EuSEFs, as opposed to other potential fund categories					X	
Inability to invest in a “financial undertaking”			X			
EUR 500 000 000 market capitalisation threshold set out in the ELTIF Regulation for investing in listed issuers					X	
Rules related to investments in third-country undertakings					X	

Other conditions and requirements related to eligible investment assets and qualifying portfolio undertakings	○	○	○	○	●	○

Please specify what are the other conditions and requirements related to eligible investment assets and qualifying portfolio undertakings you refer to in question 9:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe it is essential to clarify and widen the list of “eligible investment assets” as suggested below:

1) The eligible investments must currently be in equity, debt or loan instruments issued by what are known as “qualifying portfolio undertakings”, which include listed companies up to a capitalisation of €500 million. Given that the current average market capitalisation on the MSCI Europe mid cap index is $8.6 billion (€7 billion) it would be appropriate to raise this threshold to at least €10 billion.

2) Investment in other funds is presently restricted to ELTIFs, or into European Venture Capital Funds (EuVECAs) or European Social Entrepreneurship Funds (EuSEFs), up to 20% of the capital of the fund or up to 25% of the total units in this other fund, provided that they have not themselves invested more than 10% of their capital in ELTIFs.
-The 25% concentration ratio is restrictive as sometimes asset managers adopt structures under which they might be the sole or anchor investor in another fund. Ideally, we would like this threshold provision removed or at least ‘phased-in’ over several years.
-The 20% threshold should be applied considering the exposure to one single fund and not on aggregate basis as currently required (Article 13.3). This is necessary for 'pure' Fund of Funds which will help scaling up ELTIFs.
-Finally, the ability to invest on a broader basis in funds other than ELTIFs, EuVECAs or EuSEFs during the portfolio build-up phase would allow for a faster deployment of capital. Given the lack of these types of funds it could be relevant to extend the possibility to invest in any other type of fund (in the EU or in third countries) provided that:
The fund’s investment objective is in line with that of (or part of) the ELTIF’s investment objective; and
A majority of the fund’s investments would be permitted under the ELTIF Regulation if acquired directly.

3) Eligible assets include direct holdings of “real assets”, so long as they provide a predictable stream of cashflows and have a value of more than €10 million, e.g. infrastructure or property. Real assets such as commercial property and housing are a key asset class in the European and global private fund market, but the subjective and potentially restrictive eligibility requirements in the ELTIF Regulation limit the use of ELTIFs for real asset funds. It requires that these real assets “serve the purpose of contributing to smart, sustainable and inclusive growth or to the Union's energy, regional and cohesion policies.” We suggest either to withdraw this provision or to establish more objective and measurable objectives.

4) According to some of our members certain regulators restrict the investment allocation to EU investments which goes against the level 1 (recital 4: “long term investments (…) in third countries can also bring capital to ELTIFs and thereby benefit the European economy”). We would hope that the review would the opportunity to reinforce and clarify the possibility to invest in assets in third countries and make sure the regulation is enforced in a more harmonised way across the EU in the future.

6) The portfolio rules for ELTIFs state that at least 70% of the ELTIF’s capital should be invested in “eligible investment assets”. The restrictive definition of “eligible investment assets” make it difficult to meet the 70% threshold which could be lowered to 50%.

Question 9.1 Please provide your assessment of the adequacy and effectiveness of the ELTIF framework with respect to the execution of fund-of-fund investment strategies, real assets investment strategies and any restrictions on investments in other funds throughout the ELTIF's life.

Please explain and provide your suggestions which specific provisions of the ELTIF Regulation may benefit from improvements, and why:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Investment in other funds is presently restricted to ELTIFs, or into European Venture Capital Funds (EuVECAs) or European Social Entrepreneurship Funds (EuSEFs), up to 20% of the capital of the fund or up to 25% of the total units in this other fund, provided that they have not themselves invested more than 10% of their capital in ELTIFs.
-The 25% concentration ratio is restrictive as sometimes asset managers adopt structures under which they might be the sole or anchor investor in another fund. Ideally, we would like this threshold provision removed or at least 'phased-in' over several years.
-The 20% threshold should be applied considering the exposure to one single fund and not on aggregate basis as currently required (Article 13.3). This is necessary for 'pure' Fund of Funds which will help scaling up ELTIFs.
-Finally, the ability to invest on a broader basis in funds other than ELTIFs, EuVECAs or EuSEFs during the portfolio build-up phase would allow for a faster deployment of capital. Given the lack of these types of funds it could be relevant to extend the possibility to invest in any other type of fund (in the EU or in third countries) provided that:
The fund's investment objective is in line with that of (or part of) the ELTIF's investment objective; and
A majority of the fund's investments would be permitted under the ELTIF Regulation if acquired directly.

4. Types of investors and effective investor protection

Question 10. Please describe key barriers to the development of the ELTIF market, whether regulatory or of another nature, if any, to institutional investments that you consider reduce the attractiveness of the ELTIFs for institutional investors?

Please explain:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Issues related to operational rules:
In the case of institutional investors detailed proportion of portfolio composition and diversification rules with strict limits are counterproductive. These investors would rather opt for AIFs or a bespoke portfolio within an individual mandate. We would therefore recommend exempting Professional ELTIFs from the application of some of the provisions of Article 13 and Article 15. Leverage limit (see section 6) may also need to be adapted for ELTIFs dedicated to professional investors. The narrow definition of eligible assets and in particular the inability to invest in other AIFs investing in the same types of assets is another major deterrent (please see our response to question 9.1).

Issues related to taxation:
-The fact that ELTIFs cannot achieve 'tax-neutrality' (i.e. pay no more tax than they would if they were to invest directly) is also deterrent. The principle of tax neutrality of the fund (for distributions and capital gains) may indeed be lost when ELTIFs invest in real assets cross-border because it results in the loss of application of tax treaties, including within the EU. While the BEPS framework makes some accommodations for funds which invest in listed securities (called Collective Investment Vehicles, or CIVs), generally speaking, funds which invest in real assets such as infrastructure, unlisted securities or other types of direct investments (“non-CIVs”) on a cross-border (even intra-EU) basis will lose some of their tax-neutrality by losing access to tax treaties.Tackling tax issues would make the ELTIF more attractive, including to retail investors.
-Taxation is a problem for ELTIF generally speaking but this is even more acute for ELTIFs considering investment outside the EU. The requirement for a non-EU country to have concluded tax agreements with the ELTIF’s home Member State and with every other Member State in which the ELTIF intends to market, before an ELTIF can make the non-EU portfolio investment is unworkable.
-Many of local close-ended/open-ended funds investing in the private equity and/or real
assets space and targeting retail offer a tax rebate for retail investors. The “New” ELTIF should benefit at pan-European level of the best preferential tax treatment allowed for local AIFs to be competitive and an attractive solution to both professional and retail investors.

Question 11. Should any of the following provisions of the ELTIF legal framework be amended, and if so how, to improve the participation and access of retail investors to ELTIFs?

Please explain which of the following provisions should be amended and give specific examples where possible and explain the benefits and disadvantages of your suggested approach, as well as potential effects and costs of the proposed changes.

a) Amendment of the size of the initial minimum amount for retail investors, and net worth requirements

- (selected) Yes
- No
- Don’t know / no opinion / not relevant

Please explain your answer to question 11.a, as well as your suggested approach if you responded yes:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A retail investor whose portfolio composed of cash deposits and financial instruments is smaller than €500,000 is not allowed to invest an aggregate amount exceeding 10% of his portfolio in ELTIFs and provided that the initial amount invested in one or more ELTIFs is no less than €10,000 (although if investing in more than one ELTIF the minimum in any one ELTIF out of the €10,000 is €2,000).

On top of enforcing these investment limits, the fund manager must make sure that retail investors are sufficiently knowledgeable, experienced, and financially resourceful to invest in an ELTIF.

These provisions combined with additional eligibility restrictions and marketing requirements at national levels, the complexity of producing a PRIIPS KID (e.g. transaction costs methodology inappropriate for real assets), and the need to conduct in parallel the MIFID II suitability requirements are hindering the distribution to retail investors. The strict application of target markets' rules under MiFID II largely prevents the distribution to retail investors of ELTIFs, which are considered as complex and non-liquid investment.

Given the diversification rules (article 13) and the retail distribution requirements (article 28) which are already here to protect retail investors, it would not be inappropriate to lower the mandatory minimum entry ticket to €1000 (or leave it at the discretion of the ELTIF manager) and delete the 10% investment limit. It would also be helpful to streamline suitability test requirements and avoid duplications (as currently both MIFID and ELTIF apply).

b) Amendment of the specific requirements concerning the distribution of ELTIFs to retail investors (suitability test)

- [x] Yes
- [ ] No
- [ ] Don't know / no opinion / not relevant

Please explain your answer to question 11.b, as well as your suggested approach if you responded yes:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It would also be helpful to streamline suitability test requirements and avoid duplications (as currently both MIFID and ELTIF apply). To that end suitability and appropriateness requirements for the distribution of ELTIFs to retail investors could be aligned with MiFID II requirements.

c) Withdrawal period of two weeks

- Yes
- No
- Don’t know / no opinion / not relevant

d) Possibility to allow more frequent redemptions for retail investors

- (selected) Yes
- No
- Don’t know / no opinion / not relevant

Please explain your answer to question 11.d, as well as your suggested approach if you responded yes:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

This review may also be an opportunity to assess whether policy makers want to adapt redemption rules. Some investors may value the ability to invest in an ELTIF with the ability to redeem at some periodic interval (in accordance with the nature of the fund's assets), under the responsibility of the asset manager and the supervision of regulator licensing the fund.

e) Procedures and arrangements to deal with retail investors complaints

- Yes
- No
- Don’t know / no opinion / not relevant

f) Provisions related to the marketing of ELTIFs

- (selected) Yes
- No
- Don’t know / no opinion / not relevant

Please explain your answer to question 11.f, as well as your suggested approach if you responded yes:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please our response to question 5.

g) Other provisions and requirements related to retail investors

- (selected) Yes
- No
- Don’t know / no opinion / not relevant

Please explain your answer to question 11.f, as well as your suggested approach if you responded yes:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is necessary to provide a transaction cost estimate in accordance with the PRIIPS Regulatory Technical Standards (RTS), even though the current disclosure requirements do not align with the private markets investment context.

Question 12. Which safeguards, if any, should be introduced to or removed from the ELTIF framework to ensure appropriate suitability assessment and effective investor protection, while considering the specific risk and liquidity profile of ELTIFs, including sustainability risks, investment time horizon and risk-adjusted performance?

Please give examples where possible and present the benefits and disadvantages of your suggested approach, as well as potential costs of the change:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

-Given the diversification rules (article 13) and the retail distribution requirements (article 28) which are already here to protect retail investors, it would not be inappropriate to lower the mandatory minimum entry ticket to €1000 (or leave it at the discretion of the ELTIF manager) and delete the 10% investment limit.
-It would also be helpful to streamline suitability test requirements and avoid duplications (as currently both MIFID and ELTIF apply).To that end suitability and appropriateness requirements for the distribution of

ELTIFs to retail investors could be aligned with MiFID II requirements.
-To avoid a patchwork of measures and potential contradictions we advise against the introduction of specific measures on sustainability aspects in the context of ELTIF. This is or will notably be addressed via SFDR and MiFID.

5. Conflict of interests

Question 13. Are mandatory disclosures under the ELTIF framework sufficient for investors to make informed investment decisions?

- (x) Yes
- ( ) No
- ( ) Other
- ( ) Don't know / no opinion / not relevant

Question 13.1 Please explain your position on your responses to question 13, including benefits and disadvantages of the potential changes as well as costs:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 14. Which elements of mandatory disclosure requirements, if any, should be tailored to the specific type of investor?

Please explain your position, including benefits and disadvantages of the potential changes as well as costs:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 15. Are the ELTIF rules on conflicts of interest appropriate and proportionate?

- ○ Yes
- ○ No
- ● Other
- ○ Don't know / no opinion / not relevant

Question 15.1 Please specify what you mean by other in your response to question 15:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In our view a manager co-investing alongside the ELTIF would lead to an alignment of interests as opposed to a conflict of interest. It should be at least clarified that an ELTIF manager can enter into co-investment opportunities alongside an ELTIF that it manages on behalf of other ELTIFs, funds or segregated accounts that it manages (i.e. agency business).

6. Borrowing of cash and leverage

Question 16. Which of the following policy choices related to the leverage of the ELTIF funds do you find most appropriate?

- ● Increasing total allowed leverage
- ○ Decreasing total allowed leverage
- ○ Maintaining the current leverage-related rules set out in the ELTIF regime intact
- ○ Other
- ○ Don't know / no opinion / not relevant

Question 16.1 Please explain your response to question 16 with the description of the advantages and disadvantages of your proposed approach, including its implications for ELTIF managers, the performance and risk and liquidity profile of the fund, the risk-adjusted returns of investors and the attractiveness of the ELTIF regime:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Pursuant to its founding Regulation an ELTIF is allowed to borrow up to 30 % of the value of the capital of the ELTIF. In addition, Article 16 1 (e) states that security granted over the assets of the ELTIF cannot exceed 30% of the value of the capital of the ELTIF. Although, this limit seems to have been set in order to be in line with the 30% limit applied to the borrowing of cash, it is market practice for lenders to require security that exceeds the amount borrowed – in order to better manage credit risk. This contrasts unfavourably with other fund structures in or outside the EU.Therefore, we believe that the 30% limit imposed by Article 16 1 (e) should be increased sufficiently to offset this market practice limitation (at least doubled).

Question 17. What should be the optimal maximum allowed net leverage allowed for ELTIF funds?

Please explain:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ELTIFs which are designed and sold exclusively to professional investors should be exempted from leverage limit provisions.

Question 18. How should regulation of leverage for ELTIFs marketed to retail investors be different from that of the ELTIFs marketed solely to professional investors?

Which safeguards are particularly relevant and appropriate, and why?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ELTIFs which are designed and sold exclusively to professional investors should be exempted from leverage limit provisions.

Question 19. Do the requirements related to the "contracting in the same currency" as the assets to be acquired with borrowed cash, maturity-related rules and other limits on the borrowing of cash constitute significant limitations to the operations and leverage strategy of ELTIFs?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Requiring ELTIFs to only borrow in the same currency limits borrowing options and contribute to restrict investment in other jurisdictions including non-Eurozone Member States.

Question 20. Please explain which regulatory safeguards, if any, you deem appropriate to ensure the effective management of liquidity, subscriptions and the financing of assets in the investment portfolio.

In addition, please explain if you consider it appropriate to provide for any

alternative regulatory approach for the borrowing of cash rules specifically during the ramp-up period in the ELTIFs' life:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The borrowing capacity is indeed particularly important during the ramp-up period in the ELTIFs' life.

7. Rules on portfolio composition and diversification

Question 21. Which of the following policy choices pertaining to the ELTIF rules on diversification do you consider most appropriate?

- ○ Requiring greater diversification
- ○ Requiring less diversification
- ● Fewer regulatory requirements and more flexibility by ELTIF managers with respect to portfolio composition and diversification
- ○ Maintaining the current rules pertaining to the portfolio composition and diversification set out in the ELTIF regime intact
- ○ Other

Question 21.1 Please explain your response to question 21 with the description of the advantages and drawbacks of your preferred policy approach.

In particular, should you consider that the diversification and portfolio composition related rules under the ELTIF Regulation need to be amended, please explain, to what extent and why?

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- We believe no specific diversification requirements should be imposed on ELTIFs exclusively sold to professional investors.

-Given the nature of assets we would also recommend to adapt the diversification requirements for ELTIFs sold to retail investors. Long-term infrastructure investments tend to be more costly. It requires time and resource to conduct due diligence compared to other investment opportunities. In this context, the 10% diversification limit is too low to create an efficient investment portfolio and deliver potential superior returns to investors. Managing the portfolio diversification requirements could also be challenging during the ramp-up phase. As such, we would suggest to increase the diversification limits in Article 13 (a), (b) and (c) to 20%.

-Investment in other funds is presently restricted to ELTIFs, or into European Venture Capital Funds (EuVECAs) or European Social Entrepreneurship Funds (EuSEFs), up to 20% of the capital of the fund or up to 25% of the total units in this other fund, provided that they have not themselves invested more than 10% of their capital in ELTIFs.
-The 25% concentration ratio is restrictive as sometimes asset managers adopt structures under which they might be the sole or anchor investor in another fund. Ideally, we would like this threshold provision removed or at least 'phased-in' over several years.
-The 20% threshold should be applied considering the exposure to one single fund and not on aggregate basis as currently required (Article 13.3). This is necessary for 'pure' Fund of Funds which will help scaling up ELTIFs.
-Finally, the ability to invest on a broader basis in funds other than ELTIFs, EuVECAs or EuSEFs during the portfolio build-up phase would allow for a faster deployment of capital. Given the lack of these types of funds it could be relevant to extend the possibility to invest in any other type of fund (in the EU or in third countries) provided that:
The fund's investment objective is in line with that of (or part of) the ELTIF's investment objective; and
A majority of the fund's investments would be permitted under the ELTIF Regulation if acquired directly.

Question 22. Do you consider the minimum threshold of 70% of eligible assets laid down in Article 13(1) of the ELTIF Regulation to be appropriate?

- ○ Yes
- ● No
- ○ Other
- ○ Don't know / no opinion / not relevant

Question 22.1 Please explain your position on your response to question 22 by assessing the advantages and drawbacks of your preferred policy option pertaining to asset diversification rules:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Lowering the minimum threshold to 50% would be helpful to launch Fund of Funds but also from liquidity management perspective (in case of periodic interval redemption).

8. Redemption rules and life of ELTIFs

Question 23. Please provide a critical assessment of the impacts of the ELTIF Regulation rules on redemption policy and the life-cycle of ELTIFs, including the appropriateness of the ELTIF Regulation for the structuring of the ELTIF funds, taking into account the legitimate interests of the investors and achieving the stated investment objective of ELTIFs:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The current regulation require to define the fund's life-cycle based on the asset with the longest life-cycle. But ELTIF manager won't necessarily have identified (pre-launch) or acquired (at launch) all assets it will invest in. Furthermore this provision potentially put investors at risks as the ELTIF manager could be forced to sell assets in unfavourable market conditions.This also restrict the duration of the assets an ELTIF will consider for investment as it needs to ensure a time buffer between the life of the loan and the life of the ELTIF. This makes ELTIFs less attractive when compared to other vehicles. We therefore suggest leaving the option to have a defined or non-defined lifetime at the discretion of the asset manager.

This review may also be an opportunity to assess whether policy makers want to adapt redemption rules. Some investors may value the ability to invest in an ELTIF with the ability to redeem at some periodic interval (in accordance with the nature of the fund's assets), under the responsibility of the asset manager and the supervision of regulator licensing the fund.

Question 24. If longer-term investments were to be limited only to those with certain maturities, what threshold might be considered appropriate?

- ○ Shorter maturity of between 5 to 10 years
- ○ Maturity of 5 years and more
- ○ Only investments with a maturity +10 years
- ○ Only investments with a maturity + 15 years
- ○ Other possible maturity
- ● Don’t know / no opinion / not relevant

Question 24.1 Please explain your answer to question 24:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

> We do not support a maturity limit given the broad scope of ELTIFs and the different types of potential underlying assets.

Question 25. If shorter-term investments were allowed to be included into the portfolio, what proportion of the portfolio should be permitted?

- ( ) 0% to 15%
- ( ) 15% to 30%
- ( ) Above 30%
- ( ) Other options
- (•) Don’t know / no opinion / not relevant

Question 25.1 Please explain your answer to question 25:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

> We do not support maturity floors. This is not practicable for end of life-cycle of fund (residual maturity of assets) and for evergreen funds (liquidity management constraints).

Question 26. Do you consider that “mid-term” redemption should be allowed?

- (•) Yes
- ( ) No
- ( ) Other
- ( ) Don’t know / no opinion / not relevant

Question 26.1 Please explain your position on your responses to question 26 and provide for advantages and disadvantages of your policy choice from the perspective of ELTIF managers, ELTIF liquidity and risk profile, returns of investors, and other regulatory aspects:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes investors value the ability to invest in an ELTIF with the ability to redeem at a different periodic interval (in accordance with the nature of the fund's assets), under the responsibility of the asset manager and the supervision of regulator licensing the fund.

Question 27. Do you consider it appropriate to allow for regular redemptions or an “evergreen” vehicle approach (no maturity)?

- (x) Yes
- ( ) No
- ( ) Other
- ( ) Don’t know / no opinion / not relevant

Question 27.1 How frequent should ELTIF redemptions be, and if so, which additional safeguards would you consider necessary to cater for the illiquidity, redemptions and other fund cycle related aspects of the ELTIF framework?

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 26.

Question 28. Is it appropriate to provide for any alternative regulatory approach with respect to the redemption rules or portfolio composition, diversification rules, etc. for ELTIFs during the ramp-up period in the ELTIFs' life-cycle?

- (selected) Yes
- No
- Other
- Don't know / no opinion / not relevant

Question 28.1 Please explain your position and provide for advantages and disadvantages of your policy choice:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Managing the portfolio diversification and the concentration requirements could be challenging during the ramp-up phase. Currently the 5 year ramp-up approach only applies to article 13.1. We would argue that it should also be applied to article 13.2 and article 15.

9. Secondary market and issuance of new units or shares

Question 29. Are the provisions of the ELTIF Regulation pertaining to the admission to the secondary market and the publication of "periodical reports" clear and appropriate?

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 30. Are the limitations of the ELTIF Regulation regarding the issuance of the new units or shares at a price below their net asset value without a prior offering of those units or shares at that price to existing investors clear and appropriate?

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 31. Should the provisions in the ELTIF framework related to the issuance of new units or shares be amended, and if so how?

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

10. Marketing strategy for ELTIFs and distribution related aspects

Question 32. What are the key limitations stemming from the ELTIF framework that you consider reduce the attractiveness of the ELTIF fund

structure or the cross-border marketing and distribution of ELTIFs across the Union?

Please explain:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would like reiterate some of the points already raised in our responses to other questions:

1) The lack of harmonisation between local regulators regarding marketing requirements:

Members who have launched ELTIFs have noticed some confusion regarding the distribution of roles between home/host regulators and experienced additional local rules regarding marketing which causes to considerably slow down the distribution of ELTIFs to retail investors. Policy makers may therefore need to go one step further and consider (given the detailed operational and distribution rules which apply to ELTIFs and it pan-European nature) whether a single home Member State filing and authorisation should validate the right to market ELTIFs across the EU. This European passport could be underpinned by a pan-European marketing regime for ELTIFs to address divergent Member State approaches (e.g. financial promotions, advertisements, investor letters).

2) The issues regarding taxation:

-The fact that ELTIFs cannot achieve 'tax-neutrality' (i.e. pay no more tax than they would if they were to invest directly) is also deterrent. The principle of tax neutrality of the fund (for distributions and capital gains) may indeed be lost when ELTIFs invest in real assets cross border because it results in the loss of application of tax treaties, including within the EU. While the BEPS framework makes some accommodations for funds which invest in listed securities (called Collective Investment Vehicles, or CIVs), generally speaking, funds which invest in real assets such as infrastructure, unlisted securities or other types of direct investments (“non-CIVs”) on a cross-border (even intra-EU) basis will lose some of their tax-neutrality by losing access to tax treaties.

-Taxation is a problem for ELTIF generally speaking but this is even more acute for ELTIFs considering investment outside the EU. The requirement for a non-EU country to have concluded tax agreements with the ELTIF’s home Member State and with every other Member State in which the ELTIF intends to market, before an ELTIF can make the non-EU portfolio investment is unworkable.

-Many of local close-ended/open-ended funds investing in the private equity and/or real assets space and targeting retail offer a tax rebate for retail investors. The “New” ELTIF should benefit at pan-European level of the best preferential tax treatment allowed for local AIFs.

3) Issues related to operational rules:

The stringent and detailed proportion of portfolio composition and diversification rules with strict limits are counterproductive. In particular, professional investors would rather opt for AIFs or a bespoke portfolio within an individual mandate. We would therefore recommend exempting Professional ELTIFs from the application of some of the provisions of Article 13 and Article 15 and adjusting rules for Retail ELTIFs (see our response to section 4). Leverage limit may also need to be removed for ELTIFs dedicated to professional investors and slightly adapted for retail investors (see our response to section 6). The narrow definition of eligible assets (e.g. market capitalisation) and in particular the inability to invest in other AIFs investing in the same types of assets is another major deterrent (see our response to section 3).

Question 33. Do you consider that review of the ELTIF rules related to the equal treatment of investors is warranted?

- (x) Yes
- ( ) No
- ( ) Other
- ( ) Don't know / no opinion / not relevant

Question 33.1 Please explain your position on your answer to question 33:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We believe that the rules regarding fair treatment of investors under AIFMD are clearer and that they should replace the new concept of equal treatment of investors introduced under ELTIF. The "equal treatment of investors" / "no preferential rights" principle is highly restrictive in practice and the lack of clarity on how it should be applied (and the extent to which it differs from the AIFM Directive requirement of "fair treatment") requires costly and burdensome share class mechanisms to provide appropriate fee structures.

Question 34. Is it necessary to clarify the ELTIF framework with regard to the application of the principle of equal treatment of investors at the level of individual share classes, and any other specific arrangements for individual investors/group of investors?

If possible, please provide a specific suggestion:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please response to question 33.

11. Miscellaneous

Question 35. Is the effectiveness of the ELTIF framework impaired by national legislation or existing market practices? Please provide any examples you may have of “goldplating” or wrong application of the EU acquis.

Please explain:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question on:
1) The lack of harmonisation between local regulators regarding marketing requirements
2) The issues regarding taxation

Question 36. Are you aware of any national practices or local facility requirements for ELTIF managers or distributors of ELTIFs that require a local presence or otherwise prevent the marketing of ELTIFs on a cross-border basis?

Please explain and provide specific examples:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is our understanding that ELTIFs are in the scope of the legislative package which aims at easing the cross-border distribution of funds (largely taking effect from 2 August 2021) and should benefit from the provisions introduced including the repeal of local agent requirement. However this is not entirely clear and subject to interpretation and it might therefore be worth clarifying this in the context of this review and level 2 /3 measures of the cross-border distribution package.

Members who have launched ELTIFs have noticed some confusion regarding the distribution of roles between home/host regulators and experienced additional local rules regarding marketing material which causes to considerably slow down the distribution of ELTIFs to retail investors. Policy makers may therefore need to go one step further and consider (given the detailed operational and distribution rules which apply to ELTIFs and it pan-European nature) whether a single home Member State filing and authorisation should validate the right to market ELTIFs across the EU. This European passport could be underpinned by a pan-European marketing regime for ELTIFs to address divergent Member State approaches (e.g. financial promotions, advertisements, investor letters).

Question 37. Which features of the current ELTIF framework, if any, should be defined in more detail and which should be left to contractual arrangements?

Please explain:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 38. Which specific provisions in the ELTIF framework could be amended, and how, in order to lower costs and reduce compliance, administrative or other burdens in a manner that would not lead to an increase in material risks from the perspective of effective supervision or investor protection?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 32 on:
1) The lack of harmonisation between local regulators regarding marketing requirements
2) The issues regarding taxation

Question 39. Please elaborate on whether and to what extent the current ELTIF regime is appropriate for the AIFMs falling under Article 3(2) of Directive 2011/61/EU to have an incentive to market ELTIFs.

Please explain:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 40. Please provide examples of any national taxation regimes towards long-term investment funds that are either discriminatory or that you deem materially reduce the relative attractiveness of the ELTIF framework vis-à-vis other (national) fund vehicles, also taking into account the interaction with foreign tax systems? Please provide specific examples of such cases:

5000 character(s) maximum
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 32 on the issues regarding taxation

Question 41. You are kindly invited to make additional comments on this consultation if you consider that some areas have not been adequately covered. Please elaborate, more specifically, which amendments of the ELTIF framework could be beneficial in providing additional clarity and practical guidance in facilitating the pursuit of the ELTIF strategy. Please include examples and evidence on any issues, including those not explicitly covered by the questions raised in this public consultation:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 42. Would you be willing to provide additional clarifications or follow-up input upon a direct request from the Commission services?

- (x) Yes
- ( ) No
- ( ) Under certain conditions

Question 42.1 Please specify under which conditions you would be willing to provide additional clarifications or follow-up input upon a direct request from the Commission services:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) here:

The maximum file size is 1 MB.
You can upload several files.
Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Useful links

More on this consultation (https://ec.europa.eu/info/publications/finance-consultations-2020-eltif-review_en)

Consultation document (https://ec.europa.eu/info/files/2020-eltif-review-consultation-document_en)

More on investment funds (https://ec.europa.eu/info/business-economy-euro/growth-and-investment/investment-funds_en)

Specific privacy statement (https://ec.europa.eu/info/law/better-regulation/specific-privacy-statement_en)

More on the Transparency register (http://ec.europa.eu/transparencyregister/public/homePage.do?locale=en)

Contact

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