

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 be 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.

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
- 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
- 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

Martin

* Surname

PARKES

* Email (this won't be published)

martin.parkes@blackrock.com

* Organisation name

255 character(s) maximum

BlackRock

* Organisation size

- Micro (1 to 9 employees)
- 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.

51436554494-18

* Country of origin

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

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

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

- 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	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The scope of the ELTIF authorisation is appropriate	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The costs of launching and operating an ELTIF, and the regulatory and administrative burdens are appropriate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The ELTIF regime is relevant to the needs and challenges in EU asset management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The existing ELTIF regime is consistent with the CMU objectives	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The ELTIF regime has brought added value to investors in and the financing of long-term projects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The ELTIF investor protection framework is appropriate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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 initial take-up of the ELTIF by the market has been slow, with only a handful of ELTIFs launched to date. The slow take up can be partly attributed to the normal time to build familiarity with a new product (both from asset managers deciding whether and how to launch products, as well as distributors and end-investors). Feedback from distributors is, however, increasingly positive that this is the type of vehicle they wish to include in a diversified portfolio.

We believe is that the ELTIF is currently the most effective means by which EU non-professional investors can access long-term, private asset classes and for asset managers to offer such exposures in a scalable, purpose-built vehicle. The fact there are ELTIF products in the market already raising capital from the regime's target investors is practical evidence of the fact the ELTIF regime is functional to a degree, however, it is in need of targeted improvement in certain key areas in order to become a fully effective and established vehicle for long-term investment by a broader investor base and fulfill the aims of the Regulation. Further clarity on the regulatory 'pathway' to the intended market for the ELTIF could accelerate distributor take up and use of the ELTIF, as a standard component for portfolios for clients with a long term investment horizon.

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 principles and definitions used in the ELTIF Regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Market capitalisation threshold defining an SME equity or debt issuer	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Authorisation requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Operational conditions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Passportability of ELTIFs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Rules pertaining to eligible investments	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Clarification and/or practical guidance on the eligibility requirements, notably in relation to investments in real assets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules pertaining to the prohibition to undertake certain activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Rules concerning the qualifying portfolio undertakings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

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

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

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.

There are a number of areas where policy action would improve the functioning of the ELTIF regulatory framework. These are covered in our subsequent responses to the questions in this 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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Long-term and illiquid nature of the investments of an ELTIF	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Operational conditions	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Transparency requirements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Availability of ELTIFs to retail investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Requirements and safeguards for marketing of ELTIFs to retail investors	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Validity of an authorisation as an ELTIF for all Member States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Other aspects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

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.

Please refer to our responses below which explain our ratings.

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.

In our view, the interaction between the home state regulator of the ELTIF and the local member state regulators is not sufficiently consistent or harmonised, particularly during the authorisation process. For example, there is a lack of guidance as to whether an ELTIF must be authorised and incorporated prior to marketing passports being applied for. Article 6 of the ELTIF Regulation, in particular, does not make this clear and we have found in practice that this leads to a difficult position where competent authority of the home member state of the ELTIF will not approve the ELTIF until the competent authority of the home member state of the AIFM has approved the legal documentation for the ELTIF (on the basis of Article 6(3) (c)) whereas the competent authority of the home member state of the AIFM will only provide this approval on the basis of documentation that has been finally approved by the competent authority of the home member state of the ELTIF. We would welcome more structured and explicit guidance on the authorisation process.

Similarly, we have found that local regulators have in practice imposed additional local requirements for distribution to retail investors. This is at odds with the ELTIF Regulation's fundamental aim of harmonisation and hinders the effective functioning of the cross-border passport, as satisfying multiple cross-jurisdictional marketing, registration, and notification procedures, as well as complying with sometimes conflicting interpretations of the ELTIF Regulation, substantially increases time to market, costs for investors and burdens on fund sponsors.

We recommend a directed harmonisation of local practices, including expressly disallowing the imposition of additional local rules. The approval of the ELTIF authorisation application (which is itself shared with local regulators) by the ELTIF's home state regulator and the approval of a marketing passport for the ELTIF should be sufficient to begin distributing the product in each jurisdiction to which the marketing passport applies.

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

- 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.

See response to question 4 above.

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Investments in green, sustainable and/or climate related projects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Investments in projects that classify as sustainable under the EU taxonomy for sustainable activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Post-COVID 19 recovery related projects	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Any financial assets with long-term maturities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Investments in digital assets and infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Investments in social infrastructure and social cohesion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Investments in energy infrastructure and energy efficiency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

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	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
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	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other types of assets and investment targets, and/or other regulatory approaches should be pursued	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Question 6.1 Please explain your position on your responses to question 6, including the benefits and disadvantages as well as potential costs thereof, w h e r e p o s s i b l e .

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.

In order to be successful, the ELTIF regime must provide broad flexibility in terms of investment strategy and eligible asset classes and we are supportive of proposals to widen an ELTIF's investment universe.

We are of the view that many of the above investments/assets classes are already permitted investments under the ELTIF rules (eligibility in most cases is dictated by the QPU concept as opposed to the underlying asset class and we would note that 'investments in innovative technologies' and 'investments in green, sustainable and/or climate related projects', by way of example, are strategies/themes rather than asset classes). Whilst we would caution against being overly prescriptive around what strategies/themes are permitted/encouraged in an ELTIF product, we would welcome any widening of the eligible asset classes.

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.

Terms such as those given as examples in this question should only require further clarification to the extent they bind the ELTIF in some way (e.g. in defining eligible assets).

One of the issues we currently encounter is that many such terms are stated as broad aims/concepts in the recitals or in a non-prescriptive sense, as opposed to being specific definitions that can be used with certainty by managers to define the investible universe.

With that in mind, we recommend ensuring that any terms which are intended to limit and/or categorize eligible assets are included as definitions in the body of the ELTIF Regulation so that there is no doubt as regards their binding nature.

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

- Yes
- No
- 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.

The general concept of “benefit to the European economy” is one of the stated aims of the ELTIF regime, but no further guidance or detailed requirements are provided. This means local regulators are forced to interpret this in their own way, resulting in a lack of certainty around how much of an ELTIF’s portfolio should be Europe-focused. In our view the regime allows portfolios with even a significant focus outside of Europe – i.e. ‘investment in third countries can also bring capital to ELTIFs and thereby benefit the European economy’ as per Recital (4) of the ELTIF Regulation, but this is not clear enough in the current Regulation.

Article 11 of the ELTIF Regulation provides that an ELTIF may invest in countries outside of the EU, provided that such countries have certain tax transparency / information sharing agreements with every EU country in which the ELTIF is marketed. Therefore, if an EU country in which an ELTIF is marketed does not have such agreements in place with a certain third-country jurisdiction, then the ELTIF may not acquire assets in such third country jurisdiction (and vice versa). In practice, this forces managers in some cases to either restrict their marketing, or otherwise restrict their investment strategy. We recommend simplifying this requirement by instead relying solely on the tax sharing arrangements of either the member state in which the ELTIF is established or that of the manager, rather than the EU countries in which the ELTIF is marketed.

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	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
A condition for an exposure to real estate through a direct holding or indirect holding through qualifying portfolio undertakings of individual real assets	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Limitation on eligible investment assets to units or shares of ELTIFs, EuVECAs and EuSEFs, as opposed to other potential fund categories	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Inability to invest in a “financial undertaking”	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
EUR 500 000 000 market capitalisation threshold set out in the ELTIF Regulation for investing in listed issuers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Rules related to investments in third-country undertakings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Other conditions and requirements related to eligible investment assets and qualifying portfolio undertakings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
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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.

We believe the definition of “eligible investment assets” under Article 10 of the Regulation is too restrictive, limiting the scope of investment strategies and the pools of underlying assets accessible by ELTIF products.

The ELTIF Regulation imposes a restriction on investment in unregulated collective investment schemes. In practice this has proved unduly restrictive for a number of reasons: fund of fund structures are a common and effective way of obtaining exposure to private assets, in the context of fully paid-in capital structures, the ability to invest on a broader basis in other funds (at least during portfolio ramp-up periods) would allow for a faster deployment of capital, and the fact fund-of-funds provide an effective way to achieve diversification, less volatility and access to a broad range of managers. We understand a concern in allowing fund-of-und investments is the potential layering of fees and costs. In our view this is mitigated by the fact the ELTIF Regulation (Article 25) already requires a high level of fee and cost transparency, including the requirement to provide an overall ratio of costs in the offering memorandum. When combined with the costs disclosures contained in the KID, the prospect of ‘hidden-costs’ being borne by investors is less relevant. We therefore recommend allowing investment in other unregulated funds (e.g. AIFs, including non-regulated limited partnerships). We should note that we would support this being made subject to the underlying funds themselves only investing in ELTIF-eligible assets.

There is also a lack of clarity and practical guidance concerning the eligibility of certain real asset investments, i.e. what is meant by “integral to, or an ancillary element of, a long-term investment project that contributes to the union objective of smart, sustainable and inclusive growth”. It is not clear whether the intention here was to exclude all general commercial property or housing and in practice this has meant managers have been reluctant to consider ELTIF real estate strategies at all. We recommend making the economic/social benefit requirements more objective and measurable - “smart, sustainable and inclusive growth” is extremely subjective and has proven difficult for asset managers to assess.

Real assets (including commercial property) 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, combined with the current lack of guidance, may limit the use of ELTIFs for real asset funds.

The express exclusion on investment in financial undertakings is also at odds with the global theme of the growth of fintech, and in effect removes a source of capital for such businesses. We would recommend broadening the investment universe to include such investments.

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.

Institutional investors already have access to the broad range of private funds offered in the market. Such funds are not subject to the additional constraints and disclosure requirements associated with the distribution, management, and operation of ELTIF structures and key terms generally required by institutional investors (often captured in side letters) are not possible or appropriate in ELTIF structures. We therefore do not, broadly speaking, consider ELTIFs to be institutional products. That said, we would remain supportive of ELTIF's being open to institutional capital, as there is still some attraction for smaller, less-sophisticated institutional investors. Being able to combine investments from both retail and institutional clients will also allow ELTIFs to be delivered at scale, encouraging the development of a wider product range.

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

- 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.

Our view is the current minimum investment size is appropriate given the nature of ELTIF products and their investment universe. We would however welcome further guidance around the monitoring and ongoing applicability of the net worth/portfolio requirements. In practice these can be challenging to monitor given fluctuations in portfolio size over time and diverse nature of an individual's holdings.

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

- 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.

Our view is the current suitability test is appropriate, however, we would welcome express recognition that such tests will in most cases be carried out by distributors as opposed to the ELTIF manager.

c) Withdrawal period of two weeks

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

Please explain your answer to question 11.c, 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.

We do not believe that the provisions have proved problematic in practice.

d) Possibility to allow more frequent redemptions for retail investors

- 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.

We would support a proposal to allow ELTIFs to be structured as evergreen products, with flexibility to provide regular liquidity terms that are commensurate with the underlying portfolio and access to the full suite of liquidity management tools. Given the illiquid nature of a significant proportion of an ELTIF's assets this means funds of this nature could offer periodic liquidity windows commensurate with the liquidity profile of the underlying assets rather than regular dealing (e.g. daily/weekly) recognising financial stability issues with regular dealing funds investing in illiquid assets – see our answer to question 27.1.

e) Procedures and arrangements to deal with retail investors complaints

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

Please explain your answer to question 11.e, 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.

We are not aware that investors have experienced issues with the current regime.

f) Provisions related to the marketing of ELTIFs

- 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 see our response to Question 4 above in relation to local regulators applying additional requirements in relation to marketing.

By way of an additional example, some (but not all) local regulators have required an executed distribution agreement and Art 26 facilities to be physically in place before granting a retail passport. In practice this creates timing and process inefficiencies in having to negotiate distribution arrangements for some jurisdictions before applying for marketing, meaning passports are received in piecemeal fashion.

g) Other provisions and requirements related to retail investors

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

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.

Our view is that the current safeguards are sufficient, noting again our comments on the the need for commensurate liquidity management and structuring should ELTIFs with periodic liquidity windows be permitted.

5. Conflict of interests

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

- 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.

We have not experienced feedback from investors requiring additional disclosures.

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.

It is common (indeed expected) in private asset funds that employees of the manager will co-invest alongside the third-party capital. However, this type of investment is not catered for in the ELTIF Regulation. Employees and/or officers of the manager involved in its manufacture or management should be treated differently to third-party retail investors (i.e. no need for suitability test or investment advice).

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.

We understand there has been some discussion between market participants and industry bodies in relation to the purpose and requirements of Article 12 of the ELTIF Regulation. In our view, other accounts, funds, mandates etc. managed by the ELTIF manager should be able to invest alongside the relevant ELTIF, and Article 12 should not restrict this. In practice this is how most asset managers allocate their investments.

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.

We understand there has been some discussion between market participants and industry bodies in relation to the purpose and requirements of Article 12 of the ELTIF Regulation. In our view, other accounts, funds, mandates etc. managed by the ELTIF manager should be able to invest alongside the relevant ELTIF, and Article 12 should not restrict this. In practice this is how most asset managers allocate their investments.

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.

While UCITS have a temporary borrowing restriction of 10% they also contain an overall leverage limit of 210%. Provided ELTIFs remain an overall leverage limit that does not exceed that of UCITS the borrowing limit could be increased to 100% with an option for ELTIFs to increase this to 200% subject to conditions being met around governance/investor oversight. This would align the ELTIF regime with comparable regimes US Business Development Company's (BDCs) and would not be inconsistent with the UCITS leverage cap. It would also means ELTIFs remain well below the AIFMD 300% leverage threshold for enhanced risk monitoring for financial stability reasons.

Allowing for the financing of assets results not only in the ability to channel more finance to the SME space but also allows for the banking sector to play an important role as a financing partner.

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.

By limiting leverage to the level in UCITS funds there would be consistency in the levels of leverage in retail funds and therefore no need to distinguish between retail and professional ELTIFs.

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.

No comment.

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.

No comment.

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.

Please see our comments below on changes to the portfolio composition rules.

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.

We have not yet encountered live examples of the diversification rules being too restrictive. That said, we would support proposals to lower the minimum threshold for eligible investment assets to 50% of the ELTIF's capital, on the basis that this would provide flexibility to introduce more diversification and make use of a liquid 'sleeve'.

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.

Please see our response to Question 11(d) above. We support allowing ELTIFs to be evergreen products with periodic liquidity windows.

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.

Please see above. We believe ELTIFs should be capable of being structured as evergreen products with periodic liquidity windows. As such the ability to roll over the ELTIF's capital into new investments means that after launch there will be a mix of investments with different maturities depending on how long they have been held in the fund. We believe it then becomes unnecessarily complex to monitor different levels of maturity in a fund.

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.

Please see our response to Question 24.

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

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

Please specify what you mean by other in your response to question 26:

5000 character(s) maximum

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

Our view is that redemption frequency should be set by the manager taking into account the liquidity profile of the underlying portfolio assets.

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.

Please see our response to Question 24.

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

- 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.

As set out above, our view is that redemption frequency should be set by the manager taking into account the liquidity profile of the underlying portfolio assets. Periodic redemption windows should be permitted commensurate with the liquidity of the underlying assets, together with the use of the full suite of liquidity management tools, including notice periods, levies, settlement periods, gating and suspensions.

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?

- 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.

We would not support any prescriptive approach the ramp-up phase. However, the manager should be permitted to disapply diversification and concentration limits during ramp-up, and create lock-in periods where no liquidity is offered. This will allow for more considered and effective portfolio construction.

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.

An exchange-listed ELTIF will need to comply with the reporting requirements of the relevant listing authority – so the ELTIF Regulation should be non-prescriptive in this respect. Therefore in our view no further clarification should be required.

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.

We do not have any practical experience of using this provision

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.

See our answer to Question 30.

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 U n i o n ?

Please explain:

5000 character(s) maximum

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

We would reiterate some of the points already raised in other responses, namely:

- Lack of harmonization between local regulators and gold plating (see Question 4).
- Lack of guidance around suitability testing and ongoing monitoring of investor eligibility (see Question 11(a)).

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

- 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.

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. It is our view that this rule should be clarified.

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.

In order for ELTIF products to successfully raise capital from a broad range of investors, they must be able to offer investors a variety of different share classes. Each share class may have different features such as fee structure, subscription amount, currency, hedging arrangements, as well as being capable of being offered and/or reserved for a specific investor type or jurisdiction. This way investors will be able to choose the share class with the features most suitable to their individual circumstances.

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 see our response to Question 4 above. We would be happy to discuss specific examples directly by way of follow-up to this Consultation.

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.

Please see our response to Question 35.

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.

Please see our previous responses, in which we have mentioned a number of features/terms which would benefit from further guidance and/or detailed definition.

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.

As set out above, we would support and/or recommend the following amendments to the ELTIF regime:

Broaden ELTIF eligible assets to allow fund-of-fund strategies.

Clarify investment in “real assets” by refining the relevant definitions and remove uncertainty around the ability of ELTIFs strategies to have a predominantly non-EU focus.

Permit investment in financial undertakings.

Allow ELTIFs to be structured as evergreen, open-ended products.

Refine ‘equal treatment’ principle.

For further details, please refer to our responses above.

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.

Given their complexity and operational requirements, we do not consider it appropriate for sub-threshold AIFMs to manage ELTIF products.

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.

In its current form, the ELTIF regime does not provide for any specified tax treatment in respect of either an EU investor's holdings in the ELTIF or an ELTIF's investments in underlying EU private assets. This lack of a defined tax treatment, in particular in respect of cross-border EU investments held by an ELTIF, may jeopardise the overall tax neutrality that is core to the taxation of investment funds. Where either withholding taxes or other taxes on non-residents are levied by EU member states, the ability for an ELTIF to gain relief for these taxes is currently limited (such as the few cases where an ELTIF may be able to benefit from a relevant double tax treaty).

To address the issue of maintaining tax neutrality, exempting an ELTIF and any applicable subsidiary EU investment holding entities from taxation (be it direct taxation or levied via withholding) by any EU member state should allow for such neutrality to be maintained in respect of EU investments in all instances.

It is also worth noting again, in line with the answer to question 8.1 above, the problem that is presented by the current formulation of Article 11. In particular the stipulation that an ELTIF may invest in countries outside of the EU, provided that such countries have certain tax transparency / information sharing agreements with every EU country in which the ELTIF is marketed. Therefore, if an EU country in which an ELTIF is marketed does not have such agreements in place with a certain third-country jurisdiction, then the ELTIF may not acquire assets in such third country jurisdiction (and vice versa). In practice, this forces managers in some cases to either restrict their marketing, or otherwise restrict their investment strategy. We recommend simplifying this requirement by instead relying solely on the tax sharing arrangements of either the member state in which the ELTIF is established or that of the manager, rather than the EU countries in which the ELTIF is marketed.

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.

No additional comment.

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

- 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.

We are willing to provide practical examples from our experience from launching and running two ELTIFs.

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 \(https://ec.europa.eu/info/publications/finance-consultations-2020-eltif-review_en\)](https://ec.europa.eu/info/publications/finance-consultations-2020-eltif-review_en)

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

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

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

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

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