



GREAT FUND INSIGHTS

ELTIF REGULATION

as of November 2024

Consolidated version of:

Regulation (EU) 2015/760 of 29 April 2015, as amended by Regulation (EU) 2023/606 of 15 March 2023 (**Amending Regulation**) (**ELTIF Regulation**)

Commission Delegated Regulation (EU) 2024/2759 of 19 July 2024 supplementing ELTIF Regulation with regard to regulatory technical standards specifying when derivatives will be used solely for hedging the risks inherent to other investments of the European long-term investment fund (ELTIF), the requirements for an ELTIF's redemption policy and liquidity management tools, the circumstances for the matching of transfer requests of units or shares of the ELTIF, certain criteria for the disposal of ELTIF assets, and certain elements of the costs disclosure (**ELTIF RTS**)



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REGULATION (EU) 2015/760 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 29 April 2015

on European long-term investment funds

as amended by Regulation 2023/606 of 15 March 2023 as regards the requirements pertaining to the investment policies and operating conditions of European long-term investment funds and the scope of eligible investment assets, the portfolio composition and diversification requirements and the borrowing of cash and other fund rules

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 114 thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Having regard to the opinion of the European Economic and Social Committee⁽¹⁾,

Having regard to the opinion of the Committee of the Regions⁽²⁾,

Acting in accordance with the ordinary legislative procedure⁽³⁾,

Whereas:

- (1) Long-term finance is a crucial enabling tool for putting the European economy on a path of smart, sustainable and inclusive growth, in accordance with the Europe 2020 strategy, high employment, and competitiveness for building tomorrow's economy in a way that is less prone to systemic risks and is more resilient. European long-term investment funds (ELTIFs) provide finance of lasting duration to various infrastructure projects, unlisted companies, or listed small and medium-sized enterprises (SMEs) that issue equity or debt instruments for which there is no readily identifiable buyer. By providing finance to such projects, ELTIFs contribute to the financing of the Union's real economy and the implementation of its policies.
- (2) On the demand side, ELTIFs can provide a steady income stream for pension administrators, insurance companies, foundations, municipalities and other entities that face regular and recurrent liabilities and are seeking long-term returns within well-regulated structures. While providing less liquidity than investments in transferable securities, ELTIFs can provide a steady income stream for individual investors that rely on the regular cash flow that an ELTIF can produce. ELTIFs can also offer good opportunities for capital appreciation over time for those investors not receiving a steady income stream.
- (3) 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 use of resources and energy, or the further growth of SMEs, can be scarce.

¹ OJ C 67, 6.3.2014, p. 71.

² OJ C 126, 26.4.2014, p. 8.

³ Position of the European Parliament of 10 March 2015 (not yet published in the Official Journal) and decision of the Council of 20 April 2015.

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 third-country investors.

- (4) The focus of this Regulation is to boost European long-term investments in the real economy. Long-term investments in projects, undertakings, and infrastructure in third countries can also bring capital to ELTIFs and thereby benefit the European economy. Therefore, such investments should not be prevented.
- (5) In the absence of a regulation setting out rules on ELTIFs, diverging measures might be adopted at national level, which are likely to cause distortions of competition resulting from differences in investment protection measures. Diverging national requirements on portfolio composition, diversification, and eligible assets, in particular investment in commodities, create obstacles to the cross-border marketing of investment funds that focus on unlisted undertakings and real assets because investors cannot easily compare the different investment propositions offered to them. Diverging national requirements also lead to different levels of investor protection. Furthermore, diverging national requirements pertaining to investment techniques, such as the permitted levels of borrowing, use of financial derivative instruments, rules applicable to short selling or to securities financing transactions, lead to discrepancies in the level of investor protection. In addition, diverging national requirements on redemption or holding periods impede the cross-border selling of funds investing in unlisted assets. By increasing legal uncertainty, those divergences can undermine the confidence of investors when considering investments in such funds and reduce the scope for investors to choose effectively between various long-term investment opportunities. Consequently, the appropriate legal basis for this Regulation is Article 114 of the Treaty on the Functioning of the European Union, as interpreted by consistent case law of the Court of Justice of the European Union.
- (6) Uniform rules are necessary to ensure that ELTIFs display a coherent and stable product profile across the Union. More specifically, in order to ensure the smooth functioning of the internal market and a high level of investor protection, it is necessary to establish uniform rules regarding the operation of ELTIFs, in particular on the composition of their portfolio and the investment instruments that they are allowed to use in order to gain exposure to long-term assets, such as equity or debt instruments issued by listed SMEs and by unlisted undertakings, as well as real assets. Uniform rules on the portfolio of an ELTIF are also required to ensure that ELTIFs that aim to generate regular income maintain a diversified portfolio of investment assets suitable for maintaining a regular cash flow. ELTIFs are a first step towards creating an integrated internal market for raising capital that can be channelled towards long-term investments in the European economy. The smooth functioning of the internal market for long-term investments requires the Commission to continue its assessment of potential barriers that might stand in the way of raising long-term capital across borders, including barriers that arise from the fiscal treatment of such investments.
- (7) It is essential to ensure that the rules on the operation of ELTIFs, in particular regarding the composition of their portfolio and the investment instruments that they are allowed to use, be directly applicable to the managers of ELTIFs and, therefore, these new rules need to be adopted as a Regulation. This also ensures uniform conditions for the use of the designation 'ELTIF', by preventing the emergence of diverging national requirements. Managers of ELTIFs should follow the same rules across the Union in order to enhance the confidence of investors in ELTIFs and ensure enduring trustworthiness of the 'ELTIF' designation. At the same time, by adopting uniform rules, the complexity of the regulatory requirements applicable to ELTIFs is reduced. By means of uniform rules, the managers' cost of compliance with diverging national requirements governing funds that invest in listed and unlisted undertakings and comparable categories of real assets is also reduced. This is especially true for managers of ELTIFs that wish to raise capital on

a cross-border basis. The adoption of uniform rules also contributes to the elimination of competitive distortions.

- (8) The new rules on ELTIFs are closely linked to Directive 2011/61/EU of the European Parliament and of the Council⁴, since that Directive forms the legal framework governing the management and marketing of alternative investment funds (AIFs) in the Union. By definition, ELTIFs are EU AIFs that are managed by alternative investment fund managers (AIFMs) authorised in accordance with Directive 2011/61/EU.
- (9) Whereas Directive 2011/61/EU also provides for a staged third-country regime governing non-EU AIFMs and non-EU AIFs, the new rules on ELTIFs have a more limited scope emphasising the European dimension of the new long-term investment product. Accordingly, only an EU AIF as defined in Directive 2011/61/EU should be eligible to become an ELTIF and only if it is managed by an EU AIFM that has been authorised in accordance with Directive 2011/61/EU.
- (10) The new rules applicable to ELTIFs should build on the existing regulatory framework established by Directive 2011/61/EU and the acts adopted for its implementation. Therefore, the product rules concerning ELTIFs should apply in addition to the rules laid down in existing Union law. In particular, the management and marketing rules laid down in Directive 2011/61/EU should apply to ELTIFs. Equally, the rules on the cross-border provision of services and freedom of establishment laid down in Directive 2011/61/EU should apply correspondingly to the cross-border activities of ELTIFs. These should be supplemented by specific marketing rules designed for the cross-border marketing of ELTIFs to both retail and professional investors across the Union.
- (11) Uniform rules should apply to all EU AIFs that wish to market themselves as ELTIFs. EU AIFs that do not wish to market themselves as ELTIFs should not be bound by these rules, thereby also accepting that they do not benefit from the advantages that ensue. Undertakings for collective investment in transferable securities (UCITS) and non-EU AIFs should not be eligible for marketing as ELTIFs.
- (12) In order to ensure the compliance of ELTIFs with the harmonised rules governing the activity of these funds, it is necessary to require competent authorities to authorise ELTIFs. The harmonised authorisation and supervision procedures for AIFMs under Directive 2011/61/EU should therefore be supplemented with a special authorisation procedure for ELTIFs. Procedures should be put in place to ensure that only EU AIFMs authorised in accordance with Directive 2011/61/EU and capable of managing an ELTIF may manage ELTIFs. All appropriate steps should be taken to ensure that an ELTIF will be able to comply with the harmonised rules governing the activity of these funds. A specific authorisation procedure should apply where the ELTIF is internally managed and no external AIFM is appointed.
- (13) Given that EU AIFs may take different legal forms that do not necessarily endow them with legal personality, the provisions requiring ELTIFs to take action should be understood to refer to the manager of the ELTIF in cases where the ELTIF is constituted as an EU AIF that is not in a position to act by itself because it has no legal personality of its own.
- (14) In order to ensure that ELTIFs target long-term investments and contribute to the financing of a sustainable growth of the Union's economy, rules on the portfolio of ELTIFs should require the clear identification of the categories of assets that are eligible for investment by ELTIFs, and of the conditions under which they should be eligible. An ELTIF should invest at least 70 % of its capital in eligible investment assets. In order to ensure the integrity of ELTIFs, it is also desirable

⁴ Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1).

to prohibit an ELTIF from engaging in certain financial transactions that might endanger its investment strategy and objectives by giving rise to risks that are different from those that might be expected for a fund targeting long-term investments. In order to ensure a clear focus on long-term investments, as may be useful for retail investors unfamiliar with less conventional investment strategies, an ELTIF should not be allowed to invest in financial derivative instruments other than for the purpose of hedging the risks inherent to its own investments. Given the liquid nature of commodities and the financial derivative instruments that give an indirect exposure to them, investments in commodities do not require a long-term investor commitment and therefore should be excluded from eligible investment assets. That rationale does not apply to investments in infrastructure or companies related to commodities or whose performance is linked indirectly to the performance of commodities, such as farms in the case of agricultural commodities or power plants in the case of energy commodities.

- (15) The definition of what constitutes a long-term investment is broad. Eligible investment assets are generally illiquid, require commitments for a certain period of time, and have an economic profile of a long-term nature. Eligible investment assets are non-transferable securities and therefore do not have access to the liquidity of secondary markets. They often require fixed term commitments which restrict their marketability. Nevertheless, as listed SMEs may face problems of liquidity and access to the secondary market, they should also be considered to be qualifying portfolio undertakings. The economic cycle of the investment sought by ELTIFs is essentially of a long-term nature due to the high capital commitments and the length of time required to produce returns.
- (16) An ELTIF should be allowed to invest in assets other than eligible investment assets as may be necessary to manage its cash flow efficiently, but only so long as this is consistent with the ELTIF's long-term investment strategy.
- (17) Eligible investment assets should be understood to include participations, such as equity or quasi-equity instruments, debt instruments in qualifying portfolio undertakings, and loans provided to them. They should also include participations in other funds that are focused on assets, such as investments in unlisted undertakings that issue equity or debt instruments for which there is not always a readily identifiable buyer. Direct holdings of real assets, unless they are securitised, should also form a category of eligible assets, provided that they yield a predictable cash flow, whether regular or irregular, in the sense that they can be modelled and valued based on a discounted cash flow valuation method. Those assets could indicatively include social infrastructure that yields a predictable return, such as energy, transport and communication infrastructure, as well as education, health, welfare support or industrial facilities. Conversely, assets such as works of art, manuscripts, wine stocks or jewellery should not be eligible as they do not normally yield a predictable cash flow.
- (18) Eligible investment assets should include real assets with a value of more than EUR 10 000 000 that generate an economic and social benefit. Such assets include infrastructure, intellectual property, vessels, equipment, machinery, aircraft or rolling stock, and immovable property. Investments in commercial property or housing should be permitted to the extent that they serve the purpose of contributing to smart, sustainable and inclusive growth or to the Union's energy, regional and cohesion policies. Investments in such immovable property should be clearly documented so as to demonstrate the long-term commitment in the property. This Regulation is not seeking to promote speculative investments.
- (19) The scale of infrastructure projects means that they require large amounts of capital to remain invested for long periods of time. Such infrastructure projects include public building infrastructure such as schools, hospitals or prisons, social infrastructure such as social housing, transport infrastructure such as roads, mass transit systems or airports, energy infrastructure such as energy grids, climate adaptation and mitigation projects, power plants or pipelines, water

management infrastructure such as water supply systems, sewage or irrigation systems, communication infrastructure such as networks, and waste management infrastructure such as recycling or collection systems.

- (20) Quasi-equity instruments should be understood to comprise a type of financing instrument which is a combination of equity and debt, where the return on the instrument is linked to the profit or loss of the qualifying portfolio undertaking and where the repayment of the instrument in the event of default is not fully secured. Such instruments include a variety of financing instruments such as subordinated loans, silent participations, participating loans, profit participating rights, convertible bonds and bonds with warrants.
- (21) To reflect existing business practices, an ELTIF should be allowed to buy existing shares of a qualifying portfolio undertaking from existing shareholders of that undertaking. In addition, for the purposes of ensuring the widest possible opportunities for fundraising, investments in other ELTIFs, European Venture Capital Funds (EuVECAs), regulated by Regulation (EU) No 345/2013 of the European Parliament and of the Council⁵, and European Social Entrepreneurship Funds (EuSEFs), regulated by Regulation (EU) No 346/2013 of the European Parliament and of the Council⁶, should be permitted. To prevent dilution of the investments in qualifying portfolio undertakings, ELTIFs should only be permitted to invest in other ELTIFs, EuVECAs, and EuSEFs provided that they have not themselves invested more than 10 % of their capital in other ELTIFs.
- (22) The use of financial undertakings may be necessary in order to pool and organise the contributions of different investors, including investments of a public nature, in infrastructure projects. ELTIFs should therefore be permitted to invest in eligible investment assets by means of financial undertakings, so long as these undertakings are dedicated to financing long-term projects, as well as the growth of SMEs.
- (23) Unlisted undertakings can face difficulties accessing capital markets and financing further growth and expansion. Private financing through equity stakes or loans are typical ways of raising financing. Because such instruments are by their nature long-term investments, they require patient capital which ELTIFs can provide. Moreover, listed SMEs often face significant obstacles in acquiring long-term financing and ELTIFs may provide valuable alternative sources of funding.
- (24) Categories of long-term assets within the meaning of this Regulation should therefore comprise unlisted undertakings that issue equity or debt instruments for which there might not be a readily identifiable buyer, and listed undertakings with a maximum capitalisation of EUR 500 000 000.
- (25) Where the manager of an ELTIF holds a stake in a portfolio undertaking, there is a risk that the manager puts its own interests ahead of the interests of investors in the ELTIF. To avoid such a conflict of interests, and to ensure sound corporate governance, an ELTIF should only invest in assets that are unrelated to the manager of the ELTIF, unless the ELTIF invests in units or shares of other ELTIFs, EuVECAs, or EuSEFs that are managed by the manager of the ELTIF.
- (26) In order to allow managers of ELTIFs a certain degree of flexibility in the investment of their funds, trading in assets other than long-term investments should be permitted up to a maximum threshold of 30 % of the capital of the ELTIF.
- (27) In order to limit risk-taking by ELTIFs, it is essential to reduce counterparty risk by subjecting the portfolio of ELTIFs to clear diversification requirements. All over-the-counter (OTC) derivatives

⁵ Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds (OJ L 115, 25.4.2013, p. 1).

⁶ Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds (OJ L 115, 25.4.2013, p. 18).

should be subject to Regulation (EU) No 648/2012 of the European Parliament and of the Council⁷.

- (28) In order to prevent the exercise of significant influence by an investing ELTIF over the management of another ELTIF or of an issuing body, it is necessary to avoid excessive concentration by an ELTIF in the same investment.
- (29) In order to allow managers of ELTIFs to raise further capital during the life of the fund, they should be permitted to borrow cash amounting to up to 30 % of the value of the capital of the ELTIF. That should serve to provide additional return to the investors. In order to eliminate the risk of currency mismatches, the ELTIF should borrow only in the currency in which the manager of the ELTIF expects to acquire the asset. In order to address concerns related to shadow banking activities, the cash borrowed by the ELTIF should not be used for granting loans to qualifying portfolio undertakings.
- (30) Due to the long-term and illiquid nature of the investments of an ELTIF, the manager of the ELTIF should have sufficient time to apply the investment limits. The time required to implement these limits should take account of the particular features and characteristics of the investments but should not exceed five years after the date of the authorisation as an ELTIF or half the life of the ELTIF, whichever is the earlier.
- (31) ELTIFs, on account of their portfolio profile and their focus on categories of long-term assets, are designed to channel private savings toward the European economy. ELTIFs are also conceived as an investment vehicle through which the European Investment Bank (the EIB) Group can channel its European infrastructure or SME financing. By virtue of this Regulation, ELTIFs are structured as a pooled investment vehicle that responds to the EIB Group's focus on contributing to a balanced and steady development of an internal market for long-term investments in the interest of the Union. Given their focus on categories of long-term assets, ELTIFs can fulfil their designated role as a priority tool to accomplish the Investment Plan for Europe set out in the Commission communication of 26 November 2014.
- (32) The Commission should prioritise and streamline its processes for all applications by ELTIFs for financing from the EIB. The Commission should therefore streamline the delivery of any opinions or contributions on any applications by ELTIFs for financing from the EIB.
- (33) Moreover, Member States, as well as regional and local authorities, may have an interest in making potential investors and the public aware of ELTIFs.
- (34) Notwithstanding the fact that an ELTIF is not required to offer redemption rights before the end of its life, nothing should prevent an ELTIF from seeking admission of its units or shares to a regulated market or to a multilateral trading facility, thus providing investors with an opportunity to sell their units or shares before the end of the life of the ELTIF. The rules or instruments of incorporation of an ELTIF should not prevent units or shares of the ELTIF being admitted to trading on a regulated market or on a multilateral trading facility, nor should they prevent investors from freely transferring their units or shares to third parties who wish to purchase those units or shares. This is intended to promote secondary markets as an important venue for retail investors for buying and selling units or shares of ELTIFs.
- (35) While individual investors may be interested in investing in an ELTIF, the illiquid nature of most investments in long-term projects precludes an ELTIF from offering regular redemptions to its investors. The commitment of the individual investor to an investment in such assets is, by its

⁷ Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories (OJ L 201, 27.7.2012, p. 1).

nature, made to the full term of the investment. ELTIFs should, consequently, be structured in principle so as not to offer regular redemptions before the end of the life of the ELTIF.

- (36) In order to incentivise investors, in particular retail investors, who might not be willing to lock their capital up for a long period of time, an ELTIF should be able to offer, under certain conditions, early redemption rights to its investors. Therefore, the manager of the ELTIF should be given discretion to decide whether to establish ELTIFs with or without redemption rights, according to the ELTIF's investment strategy. When a redemption rights regime is in place, those rights and their main features should be clearly predefined and disclosed in the rules or instruments of incorporation of the ELTIF.
- (37) In order for investors to redeem effectively their units or shares at the end of the ELTIF's life, the manager of the ELTIF should start to sell the portfolio of assets of the ELTIF in good time to ensure that its value is properly realised. In determining an orderly disinvestment schedule, the manager of the ELTIF should take into account the different maturity profiles of the investments and the length of time necessary to find a buyer for the assets in which the ELTIF is invested. Due to the impracticality of maintaining the investment limits during this liquidation period, they should cease to apply when the liquidation period starts.
- (38) In order to broaden retail investors' access to ELTIFs, a UCITS is able to invest in units or shares issued by an ELTIF to the extent that the ELTIF's units or shares are eligible under Directive 2009/65/EC of the European Parliament and of the Council⁸.
- (39) It should be possible for an ELTIF to reduce its capital on a pro rata basis in the event that it has divested itself of one of its assets, in particular in the case of an infrastructure investment.
- (40) The unlisted assets in which an ELTIF has invested may obtain a listing on a regulated market during the life of the fund. Where that happens, the assets may no longer comply with the non-listing requirement of this Regulation. In order to allow the manager of the ELTIF to disinvest in an orderly manner from such assets that would no longer be eligible, the assets could continue to count towards the 70 % limit of eligible investment assets for up to three years.
- (41) Given the specific characteristics of ELTIFs, as well as of the retail and professional investors they target, it is important that sound transparency requirements be put in place that are capable of allowing prospective investors to make an informed judgement and be fully aware of the risks involved. In addition to complying with the transparency requirements contained in Directive 2011/61/EU, ELTIFs should publish a prospectus the content of which should include all information required to be disclosed by collective investment undertakings of the closed-end type in accordance with Directive 2003/71/EC of the European Parliament and of the Council⁹ and Commission Regulation (EC) No 809/2004¹⁰. When marketing an ELTIF to retail investors, it should be mandatory to publish a key information document in accordance with Regulation (EU) No 1286/2014 of the European Parliament and of the Council¹¹. Furthermore, any marketing documents should explicitly draw attention to the risk profile of the ELTIF.
- (42) ELTIFs may be attractive to investors, such as municipalities, churches, charities and foundations,

⁸ Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32).

⁹ Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC (OJ L 345, 31.12.2003, p. 64).

¹⁰ Commission Regulation (EC) No 809/2004 of 29 April 2004 implementing Directive 2003/71/EC of the European Parliament and of the Council as regards information contained in prospectuses as well as the format, incorporation by reference and publication of such prospectuses and dissemination of advertisements (OJ L 149, 30.4.2004, p. 1).

¹¹ Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352, 9.12.2014, p. 1).

which should be able to request to be treated as professional clients in circumstances where they meet the conditions of Section II of Annex II of Directive 2014/65/EU of the European Parliament and of the Council¹².

- (43) As ELTIFs target not only professional but also retail investors across the Union, it is necessary that certain additional requirements be added to the marketing requirements already laid down in Directive 2011/61/EU, in order to ensure an appropriate degree of retail investor protection. Accordingly, facilities should be made available for making subscriptions, making payments to unit- or shareholders, repurchasing or redeeming units or shares, and making available the information which the ELTIF and the manager of the ELTIF are required to provide. Moreover, in order to ensure that retail investors are not at a disadvantage relative to professional investors, certain safeguards should be put in place when ELTIFs are marketed to retail investors. In the event that the marketing or placing of ELTIFs to retail investors is done through a distributor, such distributor should comply with the relevant requirements of Directive 2014/65/EU and Regulation (EU) No 600/2014 of the European Parliament and of the Council¹³.
- (44) The manager of the ELTIF or the distributor should obtain all necessary information regarding the retail investor's knowledge and experience, financial situation, risk appetite, investment objectives and time horizon in order to assess whether the ELTIF is suitable for marketing to that retail investor, taking into account, inter alia, the life and the intended investment strategy of the ELTIF. In addition, where the life of an ELTIF that is offered or placed to retail investors exceeds 10 years, the manager of the ELTIF or the distributor should indicate clearly and in written form that this product may not be suitable for those retail investors unable to sustain such a long-term and illiquid commitment.
- (45) When an ELTIF is marketed to retail investors, the depositary of the ELTIF should comply with the provisions of Directive 2009/65/EC as regards the eligible entities that are permitted to act as depositaries, the 'no discharge of liability' rule, and the reuse of assets.
- (46) With a view to strengthening the protection of retail investors, this Regulation in addition provides that for retail investors whose portfolio, composed of cash deposits and financial instruments excluding any financial instruments that have been given as collateral, does not exceed EUR 500 000, the manager of the ELTIF or any distributor, after having performed a suitability test and having provided appropriate investment advice, should ensure that the retail investor does not invest an aggregate amount exceeding 10 % of the investor's portfolio in ELTIFs and the initial amount invested in one or more ELTIFs is not less than EUR 10 000.
- (47) Under exceptional circumstances specified in the rules or instruments of incorporation of an ELTIF, the life of the ELTIF could be extended or reduced to allow for more flexibility where, for instance, a project is completed later or earlier than expected, in order to bring it into line with its long-term investment strategy.
- (48) The competent authority of the ELTIF should verify on an on-going basis whether an ELTIF complies with this Regulation. As the competent authorities are already provided with extensive powers under Directive 2011/61/EU, it is necessary to extend those powers having regard to this Regulation.
- (49) The European Supervisory Authority (European Securities and Markets Authority) (ESMA),

¹² Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

¹³ Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84).

established by Regulation (EU) No 1095/2010 of the European Parliament and of the Council¹⁴, should be able to exercise all the powers conferred on it under Directive 2011/61/EU with respect to this Regulation and should be provided with all resources necessary for that purpose, in particular human resources.

- (50) ESMA should play a central role in the application of the rules concerning ELTIFs, by ensuring consistent application of Union rules by national competent authorities. As a body with highly specialised expertise regarding securities and securities markets, it is efficient and appropriate to entrust ESMA with the drawing up of draft regulatory technical standards which do not involve policy choices for submission to the Commission. These regulatory technical standards should concern the circumstances in which the use of financial derivative instruments solely serves the purpose of hedging the risks inherent to the investments, the circumstances in which the life of an ELTIF will be sufficient in length to cover the life-cycle of each of the individual assets of the ELTIF, the features of the schedule for the orderly disposal of ELTIF assets, the definitions of, and calculation methodologies for costs borne by investors, presentation of cost disclosures, and the characteristics of the facilities to be set up by ELTIFs in each Member State where they intend to market units or shares.
- (51) Directive 95/46/EC of the European Parliament and of the Council¹⁵ and Regulation (EC) No 45/2001 of the European Parliament and of the Council¹⁶ should be fully applicable to the exchange, transmission and processing of personal data for the purposes of this Regulation.
- (52) Since the objectives of this Regulation, namely to ensure uniform requirements on the investments and operating conditions for ELTIFs throughout the Union, while taking full account of the need to balance safety and reliability of ELTIFs with the efficient operation of the market for long-term financing and the cost for its various stakeholders, cannot be sufficiently achieved by the Member States but can rather, by reason of their scale and effects, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (53) This Regulation respects the fundamental rights and observes the principles recognised in particular by the Charter of Fundamental Rights of the European Union and notably consumer protection, the freedom to conduct a business, the right to remedy and to a fair trial, and the protection of personal data as well as access to services of general economic interest. This Regulation has to be applied in accordance with those rights and principles,

Amending Regulation – Recitals (1) to (4), (51) and (52)

- (1) Since the adoption of Regulation (EU) 2015/760 of the European Parliament and of the Council¹⁷ only a few European long-term investment funds (ELTIFs) have been authorised. The aggregate size of net assets of those funds was estimated at approximately EUR 2 400 000 000 in 2021.

¹⁴ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84).

¹⁵ Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with regard to the processing of personal data and on the free movement of such data (OJ L 281, 23.11.1995, p. 31)

¹⁶ Regulation (EC) No 45/2001 of the European Parliament and of the Council of 18 December 2000 on the protection of individuals with regard to the processing of personal data by the Community institutions and bodies and of the free movement of such data (OJ L 8, 12.1.2001, p. 1).

¹⁷ Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (OJ L 123, 19.5.2015, p. 98).

- (2) The available market data indicate that the development of the ELTIF segment has not scaled up as expected, despite the Union's focus on promoting long-term finance in the Union.
- (3) Certain characteristics of the ELTIF market, including the low number of funds, the small net asset size, the low number of jurisdictions in which ELTIFs are domiciled and a portfolio composition that is skewed towards certain eligible investment categories, demonstrate the concentrated nature of that market, both geographically and in terms of investment type. Moreover, there appears to be a lack of awareness and financial literacy, as well as, most importantly, low levels of trust and reliability as regards the finance industry, that need to be overcome in order to make ELTIFs more accessible and popular among retail investors. It is therefore necessary to review the functioning of the legal framework for the operation of ELTIFs in order to ensure that more investments are channelled to businesses in need of capital and to long-term investment projects.
- (4) At present, the objective of Regulation (EU) 2015/760 is to channel capital towards European long-term investments in the Union's real economy. As a result, it can occur that a majority of ELTIF assets and investments, or the main revenue or profit generation of such assets and investments, is located within the Union. However, long-term investments in projects, undertakings, and infrastructure projects in third countries can also bring capital to ELTIFs and benefit the Union's economy. Such benefits can originate in multiple ways, including through investments that promote the development of border regions, that enhance commercial, financial and technological cooperation and that facilitate investments in environmental and sustainable energy projects. Indeed, certain long-term assets and investments that benefit the Union's real economy will unavoidably be located in third countries, such as subsea fibre optic cables that connect Europe with other continents, the construction of liquefied natural gas terminals and related infrastructure, or cross-border investments in renewable energy installations and facilities that contribute to the resilience of the electrical grid and the energy security of the Union. Since investments in third-country qualifying portfolio undertakings and eligible assets can bring benefits to investors and managers of ELTIFs, as well as to the economies, infrastructure, climate and environmental sustainability and citizens of such third countries, Regulation (EU) 2015/760 should not prevent a majority of ELTIF assets and investments, or the main revenue or profit generation of such assets and investments, from being located in a third country.
- (...)
- (51) Since the objectives of this Regulation, namely, to ensure an effective legal framework for the operation of ELTIFs throughout the Union and to promote long-term finance by raising and channelling capital towards long-term investments in the real economy in line with the Union objective of smart, sustainable and inclusive growth, cannot be sufficiently achieved by the Member States but can rather, by reason of the scale and effects of this Regulation, be better achieved at Union level, the Union may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union. In accordance with the principle of proportionality as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve those objectives.
- (52) Regulation (EU) 2015/760 should therefore be amended accordingly,

HAVE ADOPTED THIS REGULATION:

CHAPTER I

GENERAL PROVISIONS

Article 1

Subject matter and objective

1. This Regulation lays down uniform rules on the authorisation, investment policies and operating conditions of EU alternative investment funds (EU AIFs) or compartments of EU AIFs that are marketed in the Union as European long-term investment funds (ELTIFs).
2. The objective of this Regulation is to facilitate the raising and channeling of capital towards European long-term investments in the real economy, including towards investments that promote the European Green Deal and other priority areas, in line with the Union objective of smart, sustainable and inclusive growth.

Amending Regulation – Recital (5)

- (5) Accordingly, and also having regard to ELTIFs' potential to facilitate long-term investments in, amongst others, energy, transport and social infrastructure, and job creation, and to contribute to the achievement of the European Green Deal, Regulation (EU) 2015/760 should be amended so that its objective is to facilitate the raising and channelling of capital towards long-term investments in the real economy, including towards investments that promote the European Green Deal and other priority areas, and to ensure that capital flows are directed towards projects that put the Union's economy on a path towards smart, sustainable and inclusive growth.

3. Member States shall not add any further requirements in the field covered by this Regulation.

Article 2

Definitions

For the purposes of this Regulation, the following definitions apply:

- (1) 'capital' means aggregate capital contributions and uncalled committed capital, calculated on the basis of amounts investible after deduction of all fees, charges and expenses that are directly or indirectly borne by investors;
- (2) 'professional investor' means an investor which is considered to be a professional client, or may, on request, be treated as a professional client in accordance with Annex II to Directive 2014/65/EU;
- (3) 'retail investor' means an investor who is not a professional investor;
- (4) 'equity' means ownership interest in a qualifying portfolio undertaking, represented by the shares or other forms of participation in the capital of the qualifying portfolio undertaking issued to its investors;
- (5) 'quasi-equity' means any type of financing instrument where the return on the instrument is linked

to the profit or loss of the qualifying portfolio undertaking and where the repayment of the instrument in the event of default is not fully secured;

- (6) ‘real asset’ means an asset that has an intrinsic value due to its substance and properties; ~~and may provide returns, including infrastructure and other assets that give rise to economic or social benefit, such as education, counselling, research and development, and including commercial property or housing only where they are integral to, or an ancillary element of, a long term investment project that contributes to the Union objective of smart, sustainable and inclusive growth;~~

Amending Regulation – Recitals (6) to (9)

- (6) It is necessary to enhance the flexibility of asset managers to invest in broad categories of real assets. Real assets should therefore be deemed to form a category of eligible assets, provided that those real assets have value due to their nature or substance. Such real assets include immovable property, such as communication, environment, energy or transport infrastructure, social infrastructure, including retirement homes or hospitals, as well as infrastructure for education, health and welfare support or industrial facilities, installations, and other assets, including intellectual property, vessels, equipment, machinery, aircraft or rolling stock.
- (7) Investments in commercial property, facilities or installations for education, counselling, research, development, including infrastructure and other assets that give rise to economic or social benefit, sports, or housing, including housing for senior residents or social housing, should also be deemed to be eligible investments in real assets due to the capacity of such assets to contribute to the objective of smart, sustainable and inclusive growth. To enable the realisation of investment strategies in areas where direct investments in real assets are not possible or are uneconomical, eligible investments in real assets should also comprise investments in water rights, forest rights, building rights and mineral rights.
- (8) Eligible investment assets should be understood to exclude works of art, manuscripts, wine stocks, jewellery or other assets, which do not in themselves represent long-term investments in the real economy.
- (9) It is necessary to increase the attractiveness of ELTIFs for asset managers and broaden the range of investment strategies available to managers of ELTIFs so as to avoid any undue limitation of the scope of the eligibility of assets and investment activities of ELTIFs. The eligibility of real assets should not depend on their nature and objectives, or upon environmental, social or governance matters and related sustainability disclosures and similar conditions, which are already covered by Regulations (EU) 2019/2088¹⁸ and (EU) 2020/852¹⁹ of the European Parliament and of the Council. Nevertheless, ELTIFs remain subject to the obligations stemming from Regulation (EU) 2019/2088 on sustainability-related disclosures. In particular, when ELTIFs either promote environmental or social characteristics or have sustainable investment as their objective, they are to comply with the disclosure requirements set out in Article 8 or 9 of Regulation (EU) 2019/2088, as applicable, which each contain detailed transparency requirements for pre-contractual disclosures.

- (7) ‘financial undertaking’ means any of the following:

¹⁸ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1).

¹⁹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

- (a) a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council²⁰;
 - (b) an investment firm as defined in point (1) of Article 4(1) of Directive 2014/65/EU;
 - (c) an insurance undertaking as defined in point (1) of Article 13 of Directive 2009/138/EC of the European Parliament and of the Council²¹;
 - (ca) a reinsurance undertaking as defined in Article 13, point (4), of Directive 2009/138/EC;
 - (d) a financial holding company as defined in point (20) of Article 4(1) of Regulation (EU) No 575/2013;
 - (e) a mixed-activity holding company as defined in point (22) of Article 4(1) of Regulation (EU) No 575/2013;
 - (f) a management company as defined in point (b) of Article 2(1) of Directive 2009/65/EC;
 - (g) an AIFM as defined in point (b) of Article 4(1) of Directive 2011/61/EU.
- (8) 'EU AIF' means EU AIF as defined in point (k) of Article 4(1) of Directive 2011/61/EU;
 - (9) 'EU AIFM' means EU AIFM as defined in point (l) of Article 4(1) of Directive 2011/61/EU;
 - (10) 'competent authority of the ELTIF' means the competent authority of the EU AIF within the meaning of point (h) of Article 4(1) of Directive 2011/61/EU;
 - (11) 'home Member State of the ELTIF' means the Member State where the ELTIF is authorised;
 - (12) 'manager of the ELTIF' means the authorised EU AIFM approved to manage an ELTIF, or the internally managed ELTIF where the legal form of the ELTIF permits internal management and where no external AIFM has been appointed;
 - (13) 'competent authority of the manager of the ELTIF' means the competent authority of the home Member State of the AIFM within the meaning of point (q) of Article 4(1) of Directive 2011/61/EU;
 - (14) 'securities lending' and 'securities borrowing' mean any transaction in which a counterparty transfers securities subject to a commitment that the borrower will return equivalent securities at some future date or when requested to do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred;
 - (14a) 'simple, transparent and standardised securitisation' means a securitisation that complies with the conditions set out in Article 18 of Regulation (EU) 2017/2402 of the European Parliament and of the Council²²;
 - (14b) 'group' means a group as defined in Article 2, point (11), of Directive 2013/34/EU of the European

²⁰ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

²¹ Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) (OJ L 335, 17.12.2009, p. 1).

²² Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).

Parliament and of the Council²³;

- (15) ‘repurchase transaction’ means a repurchase transaction as defined in point (83) of Article 4(1) of Regulation (EU) No 575/2013;
- (16) ‘financial instrument’ means a financial instrument as specified in Section C of Annex I to Directive 2014/65/EU;
- (17) ‘short selling’ means an activity as defined in point (b) of Article 2(1) of Regulation (EU) No 236/2012 of the European Parliament and of the Council²⁴;
- (18) ‘regulated market’ means a regulated market as defined in point (21) of Article 4(1) of Directive 2014/65/EU;
- (19) ‘multilateral trading facility’ means a multilateral trading facility as defined in point (22) of Article 4(1) of Directive 2014/65/EU.
- (20) ‘feeder ELTIF’ means an ELTIF, or an investment compartment thereof, which has been approved to invest at least 85 % of its assets in units or shares of another ELTIF or investment compartment of an ELTIF;
- (21) ‘master ELTIF’ means an ELTIF, or an investment compartment thereof, in which another ELTIF invests at least 85 % of its assets in units or shares.

Article 3

Authorisation and central public register

1. An ELTIF may only be marketed in the Union when it has been authorised in accordance with this Regulation. Authorisation as an ELTIF shall be valid for all Member States.
2. Only EU AIFs shall be eligible to apply for and to be granted authorisation as an ELTIF.
3. The competent authorities of the ELTIFs shall, on a quarterly basis, inform ESMA of authorisations granted or withdrawn pursuant to this Regulation and of any changes to the information about an ELTIF that is set out in the central public register referred to in the second subparagraph.

ESMA shall keep an up-to-date central public register identifying for each ELTIF authorised under this Regulation:

- (a) the Legal Entity Identifier (LEI) and national code identifier of the ELTIF, where available;
- (b) the name and address of the manager of the ELTIF and, where available, the LEI of that manager;
- (c) the ISIN codes of the ELTIF and each separate unit or share class, where available;
- (d) the LEI of the master ELTIF, where available;

²³ Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/606/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p.19).

²⁴ Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).

- (e) the LEI of the feeder ELTIF, where available;
- (f) the competent authority of the ELTIF and the home Member State of the ELTIF;
- (g) the Member States where the ELTIF is marketed;
- (h) whether the ELTIF can be marketed to retail investors or can be marketed solely to professional investors;
- (i) the date of the authorisation of the ELTIF;
- (j) the date on which the marketing of the ELTIF commenced;
- (k) the date of the last update by ESMA of the information about the ELTIF.

The central public register shall be made available in electronic format.

Amending Regulation – Recital (11)

- (11) In order to improve access of investors to more up-to-date and complete information on the ELTIF market, it is necessary to increase the granularity and the timeliness of the central public register provided for in Regulation (EU) 2015/760. That register should therefore contain additional information to the information that it already contains including, and where available, the Legal Entity Identifier (LEI) and the national code identifier of the ELTIF, the name, address and the LEI of the manager of the ELTIF, the International Securities Identification Number (ISIN code) of the ELTIF and of each separate unit or share class, the competent authority of the ELTIF and the home Member State of that ELTIF, the Member States where the ELTIF is marketed, whether the ELTIF can be marketed to retail investors or solely to professional investors, the date of authorisation of the ELTIF, and the date on which the marketing of the ELTIF commenced.

Article 4

Designation and prohibition on transformation

1. The designation 'ELTIF' or 'European long-term investment fund' in relation to a collective investment undertaking, or the units or shares it issues, may only be used where the collective investment undertaking has been authorised in accordance with this Regulation.
2. ELTIFs shall be prohibited from transforming themselves into collective investment undertakings that are not covered by this Regulation.

Article 5

Application for authorisation as an ELTIF

1. An application for authorisation as an ELTIF shall be made to the competent authority of the ELTIF. The application for authorisation as an ELTIF shall include all of the following:
 - (a) the fund rules or instruments of incorporation;

- (b) ~~information on the identity~~ the name of the proposed manager of the ELTIF ~~and its current and previous fund management experience and history;~~
- (c) ~~information on the identity~~ the name of the depositary and, where requested by the competent authority of an ELTIF that can be marketed to retail investors, the written agreement with the depositary;
- (d) where the ELTIF can be marketed to retail investors a description of the information to be made available to investors, including a description of the arrangements for dealing with complaints submitted by retail investors;
- (e) where applicable, the following information on the master-feeder structure of the ELTIF:
 - (i) a declaration that the feeder ELTIF is a feeder of the master ELTIF;
 - (ii) the fund rules or instruments of incorporation of the master ELTIF and the agreement between the feeder and the master ELTIF, or the internal rules on the conduct of business, referred to in Article 29(6);
 - (iii) where the master ELTIF and the feeder ELTIF have different depositaries, the information-sharing agreement referred to in Article 29(7);
 - (iv) where the feeder ELTIF is established in a Member State other than the home Member State of the master ELTIF, an attestation by the competent authority of the home Member State of the master ELTIF that the master ELTIF is an ELTIF provided by the feeder ELTIF.

2. The competent authority of the ELTIF may request clarification and information as regards the documentation and information provided under the second subparagraph. Only an EU AIFM authorised under Directive 2011/61/EU may apply to the competent authority of the ELTIF for approval to manage an ELTIF for which authorisation is requested in accordance with paragraph 1. In the event that the competent authority of the ELTIF is the same as the competent authority of the EU AIFM, such an application for approval shall refer to the documentation submitted for authorisation under Directive 2011/61/EU.

Without prejudice to paragraph 1, an EU AIFM that ~~an~~ applies ~~an application for approval~~ to manage an ELTIF established in another Member State shall ~~include~~ provide the competent authority of the ELTIF with the following documentation:

- (a) the written agreement with the depositary;
- (b) information on delegation arrangements regarding portfolio and risk management and administration with regard to the ELTIF;
- (c) information about the investment strategies, the risk profile and other characteristics of AIFs that the EU AIFM is authorised to manage.

The competent authority of the ELTIF may ask the competent authority of the EU AIFM for clarification and information as regards the documentation referred to in the second subparagraph or an attestation as to whether ELTIFs fall within the scope of the EU AIFM's authorisation to manage AIFs. The competent authority of the EU AIFM shall provide an answer within 10 working days from the date on which it received the request submitted by the competent authority of the ELTIF.

3. Applicants shall be informed within two months from the date of submission of a complete application whether authorisation as an ELTIF, ~~including approval for the EU AIFM to manage the ELTIF,~~ has been granted.
4. Any subsequent modifications to the documentation referred to in paragraphs 1 and 2 shall be immediately notified to the competent authority of the ELTIF.
5. By way of derogation from paragraphs 1 and 2, an EU AIF the legal form of which permits internal management and the governing body of which chooses not to appoint an external AIFM shall apply simultaneously for authorisation as an ELTIF under this Regulation and as an AIFM under Directive 2011/61/EU.

Without prejudice to Article 7 of Directive 2011/61/EU, the application for authorisation as an internally managed ELTIF shall include the following:

- (a) the fund rules or instruments of incorporation;
- (b) ~~where the ELTIF can be marketed to retail investors,~~ a description of the information to be made available to retail investors, including a description of the arrangements for dealing with complaints submitted by retail investors.

By way of derogation from paragraph 3, an internally managed EU AIF shall be informed within three months from the date of submission of a complete application whether authorisation as an ELTIF has been granted.

Article 6

Conditions for granting authorisation as an ELTIF

1. An EU AIF shall be authorised as an ELTIF only where its competent authority:
 - (a) is satisfied that the EU AIF is able to meet all the requirements of this Regulation;
 - (b) has approved the application of an EU AIFM authorised in accordance with Directive 2011/61/EU to manage the ELTIF, the fund rules or instruments of incorporation, and the choice of the depositary.
2. In the event that an EU AIF makes an application pursuant to Article 5(5) of this Regulation, the competent authority shall authorise the EU AIF only where it is satisfied that the EU AIF complies with both the requirements of this Regulation and of Directive 2011/61/EU regarding the authorisation of an EU AIFM.
3. The competent authority of the ELTIF may refuse to approve the application of an EU AIFM to manage an ELTIF only where the EU AIFM:
 - (a) does not comply with this Regulation;
 - (b) does not comply with Directive 2011/61/EU;
 - (c) is not authorised by its competent authority to manage AIFs that follow investment strategies of the type covered by this Regulation; or
 - (d) has not provided the documentation referred to in Article 5(2), or any clarification or information requested thereunder.

Before refusing to approve an application, the competent authority of the ELTIF shall consult the competent authority of the EU AIFM.

4. The competent authority of the ELTIF shall not grant authorisation as an ELTIF to the EU AIF that has made an application for authorisation if it is legally prevented from marketing its units or shares in its home Member State.
5. The competent authority of the ELTIF shall communicate to the EU AIF the reason for its refusal to grant authorisation as an ELTIF.
6. An application which has been rejected under this Chapter shall not be resubmitted to the competent authorities of other Member States.
7. Authorisation as an ELTIF shall not be subject to a requirement that the ELTIF be managed by an EU AIFM authorised in the home Member State of the ELTIF or that the EU AIFM pursue or delegate any activities in the home Member State of the ELTIF.

Article 7

Applicable rules and liability

1. An ELTIF shall comply at all times with the provisions of this Regulation.
2. An ELTIF and the manager of the ELTIF shall comply at all times with Directive 2011/61/EU.
3. The manager of the ELTIF shall be responsible for ensuring compliance with this Regulation and shall also be liable in accordance with Directive 2011/61/EU for any infringements of this Regulation. The manager of the ELTIF shall also be liable for losses or damages resulting from non-compliance with this Regulation.

CHAPTER II

OBLIGATIONS CONCERNING THE INVESTMENT POLICIES OF ELTIFS

SECTION 1

General rules and eligible assets

Article 8

Investment compartments

Where an ELTIF comprises more than one investment compartment, each compartment shall be regarded as a separate ELTIF for the purposes of this Chapter.

Article 9

Eligible investments

1. In accordance with the objectives referred to in Article 1(2), an ELTIF shall invest only in the following categories of assets and only under the conditions specified in this Regulation:
 - (a) eligible investment assets;
 - (b) assets referred to in Article 50(1) of Directive 2009/65/EC.
2. An ELTIF shall not undertake any of the following activities:
 - (a) short selling of assets;
 - (b) taking direct or indirect exposure to commodities, including via financial derivative instruments, certificates representing them, indices based on them or any other means or instrument that would give an exposure to them;
 - (c) entering into securities lending, securities borrowing, repurchase transactions, or any other agreement which has an equivalent economic effect and poses similar risks, if thereby more than 10 % of the assets of the ELTIF are affected;
 - (d) using financial derivative instruments, except where the use of such instruments solely serves the purpose of hedging the risks inherent to other investments of the ELTIF.
3. In order to ensure the consistent application of this Article, ESMA shall, after conducting a public consultation, develop draft regulatory technical standards specifying criteria for establishing the circumstances in which the use of financial derivative instruments solely serves the purpose of hedging the risks inherent to the investments referred to in point (d) of paragraph 2.

ESMA shall submit those draft regulatory technical standards to the Commission by 9 September 2015.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

ELTIF RTS - Article 1

The use of financial derivative instruments solely for hedging purposes

The use of financial derivative instruments shall solely serve the purpose of hedging the risks inherent to other investments of the ELTIF where all of the following conditions are fulfilled:

- (a) the use of the financial derivative instruments is:
 - (i) economically appropriate for the ELTIF at the ELTIF level;
 - (ii) consistent with the risk-profile of the ELTIF;
- (b) the use of the financial derivative instruments aims at a verifiable reduction of the risks at the ELTIF level;
- (c) the underlyings of the financial derivative instruments are assets to which an ELTIF is exposed, or, where the financial derivative instruments to hedge the risks arising from the exposure to such assets are not available, the underlyings of financial derivative instruments are of the same or economically similar asset class.

For the purposes of point (b), the manager of the ELTIF shall take all reasonable steps to ensure that the financial derivative instruments used to hedge the risks inherent to other investments of the ELTIF reduce the risks at the ELTIF level, including in stressed market conditions.

ELTIF RTS Recital (1)

- (1) Under Article 9(2), point (d), of Regulation (EU) 2015/760, European long-term investment funds (ELTIFs) are prohibited from using financial derivative instruments, except where the use of such instruments solely serves the purpose of hedging the risks inherent to other investments of the ELTIF. The financial derivative instruments that should be considered to solely serve the purpose of hedging the risks inherent to other investments of the ELTIF are those the underlyings of which correspond to the assets to which an ELTIF has or would have exposures. In some cases, however, there may be no financial derivative instruments available to hedge an exposure to a specific asset. In that case, it should be possible to hedge that exposure by using a financial derivative instrument the underlyings of which belong to the same, or economically similar, asset class as the financial derivative instrument the underlyings of which correspond to the assets to which an ELTIF has or would have exposures. To ensure that the use of financial derivative instruments solely serves the purpose of hedging the risks inherent to other investments of an ELTIF, the financial derivative instruments used should effectively reduce the risk concerned. The reduction of risk should therefore be verifiable through systems that identify the risks to be mitigated and the way in which the financial derivative would mitigate such risk.

Article 10

Eligible investment assets

1. An asset as referred to in ~~point (a) of~~ Article 9(1), **point (a)**, shall **only** be eligible for investment by

an ELTIF ~~only~~ where it falls into one of the following categories:

- (a) equity or quasi-equity instruments which have been:
 - (i) issued by a qualifying portfolio undertaking ~~as referred to in Article 11~~ and acquired by the ELTIF from ~~that~~e qualifying portfolio undertaking or from a third party via the secondary market;
 - (ii) issued by a qualifying portfolio undertaking ~~as referred to in Article 11~~ in exchange for an equity or quasi-equity instrument previously acquired by the ELTIF from ~~that~~e qualifying portfolio undertaking or from a third party via the secondary market;
 - (iii) issued by an undertaking ~~in~~ef which ~~the~~a qualifying portfolio undertaking ~~as referred to in Article 11 holds a capital participation is a majority-owned subsidiary~~; in exchange for an equity or quasi-equity instrument acquired by the ELTIF in accordance with points (i) or (ii) of this point (a) ~~by the ELTIF from the qualifying portfolio undertaking or from a third party via the secondary market~~;

Amending Regulation – Recital (12)

(12) Investments by ELTIFs can be conducted through the participation of intermediary entities, including special purpose vehicles and securitisation or aggregator vehicles or holding companies. At present, Regulation (EU) 2015/760 requires that investments in equity or quasi-equity instruments of qualifying portfolio undertakings only take place where those undertakings are majority-owned subsidiaries, which substantially limits the scope of the eligible asset base. ELTIFs should therefore, in general, have the possibility of conducting minority co-investment in investment opportunities. That possibility should give ELTIFs additional flexibility in implementing their investment strategies, attract more promoters of investment projects and increase the range of possible eligible target assets, all of which are essential for the implementation of indirect investment strategies.

- (b) debt instruments issued by a qualifying portfolio undertaking ~~as referred to in Article 11~~;
- (c) loans granted by the ELTIF to a qualifying portfolio undertaking ~~as referred to in Article 11~~ with a maturity ~~no longer than~~that ~~does not exceed~~ the life of the ELTIF;
- (d) units or shares of one or several other ELTIFs, EuVECA~~s~~ ~~and~~ EuSEFs, UCITS and EU AIFs managed by EU AIFMs provided that those ELTIFs, EuVECA~~s~~, ~~and~~ EuSEFs, UCITS and EU AIFs invest in eligible investments as referred to in Article 9(1) and (2) and have not themselves invested more than 10 % of their ~~capital~~ assets in ~~ELTIFs~~any other collective investment undertaking;

Amending Regulation – Recital (13)

(13) Due to concerns that fund-of-funds strategies can give rise to investments that would not fall within the scope of eligible investment assets, Regulation (EU) 2015/760 at present contains restrictions on investments in other funds throughout the life of an ELTIF. Fund-of-funds strategies are, however, a common and very effective way of obtaining rapid exposure to illiquid assets, in particular in respect of real estate and in the context of fully paid-in capital structures. It is therefore necessary to give ELTIFs the possibility of investing in other funds, to enable them to ensure a faster deployment of capital. Facilitating fund-of-funds investments by ELTIFs would also allow reinvestment of excess cash into funds, as different investments with distinct maturities might lower the cash drag of an ELTIF. It is therefore necessary to expand the eligibility of fund-of-funds strategies for managers of ELTIFs beyond investments in European venture capital funds (EuVECAs) or European social entrepreneurship funds (EuSEFs). The categories of collective investment undertakings in which ELTIFs can invest should thus be broadened to include undertakings for collective investment in transferable securities (UCITS) and also EU alternative investment funds (EU AIFs) managed by EU AIF managers (EU AIFMs). However, in order to ensure effective investor protection, it is also necessary to provide that where an ELTIF invests in other ELTIFs, in EuVECAs, in EuSEFs, in UCITS or EU AIFs managed by EU AIFMs, those collective investment undertakings should also invest in eligible investments and have not themselves invested more than 10 % of their capital in any other collective investment undertaking. In order to prevent circumvention of those rules and to ensure that ELTIFs comply on an aggregate portfolio basis with Regulation (EU) 2015/760, the assets and cash borrowing position of ELTIFs should be combined with those of the collective investment undertakings in which ELTIFs have invested in order to assess ELTIFs' compliance with the portfolio composition and diversification requirements, and with the borrowing limits.

- (e) ~~direct holdings or indirect holdings via qualifying portfolio undertakings of individual real assets with a value of at least EUR 10 000 000 or its equivalent in the currency in which, and at the time when, the expenditure is incurred;~~

Amending Regulation – Recital (14)

(14) At present, Regulation (EU) 2015/760 requires that eligible investment assets, where those assets are individual real assets, have a value of at least EUR 10 000 000. Real asset portfolios, however, are often composed of a number of individual real assets which have a value of significantly less than EUR 10 000 000. The requirement for a minimum value of individual real assets should therefore be removed. It is expected that the removal of that unnecessary requirement will contribute to the diversification of investment portfolios and boost more effective investments in real assets by ELTIFs, while also allowing for different levels of development of long-term investment instruments in the Member States to be taken into consideration.

- (f) simple, transparent and standardised securitisations where the underlying exposures correspond to one of the following categories:
 - (i) assets listed in Article 1, points (a)(i), (ii) or (iv), of Commission Delegated Regulation 2019/1851²⁵;
 - (ii) assets listed in Article 1, points (a),(vii) and (viii), of Delegated Regulation 2019/1851, provided that the proceeds from the securitisation bonds are used for financing or refinancing long-term investments;

Amending Regulation – Recital (15)

- (15) It is necessary to extend the scope of eligible investment assets and promote the investments of ELTIFs in securitised assets. It should therefore be clarified that, where the underlying assets consist of long-term exposures, eligible investment assets should also include simple, transparent and standardised securitisations as referred to in Article 18 of Regulation (EU) 2017/2402 of the European Parliament and of the Council²⁶. Those long-term exposures comprise securitisations of residential loans that are secured by one or more mortgages on residential immovable property (residential mortgage-backed securities), commercial loans that are secured by one or more mortgages on commercial immovable property, corporate loans, including loans which are granted to small- and medium-sized enterprises, and trade receivables or other underlying exposures that the originator considers form a distinct asset type, provided that the proceeds from securitising those trade receivables or other underlying exposures are used for financing or refinancing long-term investments.

- (g) bonds issued, pursuant to a Regulation of the European Parliament and of the Council on European green bonds, by a qualifying portfolio undertaking, as referred to in Article 11.

Amending Regulation – Recital (10)

- (10) In order to encourage private capital flows towards more environmentally sustainable investments, it should be clarified that ELTIFs are also able to invest in green bonds. At the same time, it should also be ensured that ELTIFs target long-term investments and that the requirements of Regulation (EU) 2015/760 regarding eligible investment assets are observed. Therefore, green bonds that comply with those eligibility requirements and that are issued pursuant to a Regulation of the European Parliament and of the Council on European green bonds should be expressly included in the list of eligible investment assets.

²⁵ Commission Delegated Regulation (EU) 2019/1851 of 28 May 2019 supplementing Regulation (EU) 2017/2402 of the European Parliament and of the Council with regard to regulatory technical standards on the homogeneity of the underlying exposures in securitisation (OJ L 285, 6.11.2019, p. 1).

²⁶ Regulation (EU) 2017/2402 of the European Parliament and of the Council of 12 December 2017 laying down a general framework for securitisation and creating a specific framework for simple, transparent and standardised securitisation, and amending Directives 2009/65/EC, 2009/138/EC and 2011/61/EU and Regulations (EC) No 1060/2009 and (EU) No 648/2012 (OJ L 347, 28.12.2017, p. 35).

The limitation laid down in point (d) of the first subparagraph shall not apply to feeder ELTIFs.

2. For the purpose of determining compliance with the investment limit laid down in Article 13(1), investments by ELTIFs in units or shares of ELTIFs, EuVECAs, EuSEFs, UCITS and EU AIFs managed by EU AIFMs shall only be taken into account to the extent of the amount of the investments of those collective investment undertakings in the eligible investment assets referred to in paragraph 1, first subparagraph, points (a), (b), (c), (e), (f) and (g), of this Article.

For the purpose of determining compliance with the investment limit and the other limits laid down in Article 13 and 16(1), the assets and the cash borrowing position of the ELTIF and of the other collective investment undertakings in which that ELTIF has invested shall be combined.

The determination of compliance with the investment limit and the other limits laid down in Article 13 and 16(1) in accordance with this paragraph shall be carried out on the basis of information updated on at least a quarterly basis and, where that information is not available on a quarterly basis, on the basis of the most recent available information.

Article 11

Qualifying portfolio undertaking

1. A qualifying portfolio undertaking ~~referred to in Article 10~~ shall be an ~~portfolio~~ undertaking ~~other than a collective investment undertaking~~ that fulfils, at the time of the initial investment, the following requirements:
 - (a) it is not a financial undertaking, unless:
 - (i) it is a financial undertaking that is not a financial holding company or a mixed-activity holding company; and
 - (ii) that financial undertaking has been authorised or registered more recently than five years before the date of the investment;

Amending Regulation – Recital (16)

(16) At present, Regulation (EU) 2015/760 prevents investments by ELTIFs in credit institutions, investment firms, insurance undertakings and other financial undertakings. However, innovative recently authorised financial undertakings such as FinTechs could play an important role in promoting digital innovation, the overall efficiency of Union financial markets and job creation, and in contributing to the resilience and stability of Union financial infrastructure and the capital markets union. Such financial undertakings design, develop or offer innovative products or technologies that aim to automate or improve existing business models, processes, applications and products, or result in new ones, and thereby benefit Union financial markets, financial institutions and the provision of financial services to financial institutions, businesses or consumers. Such financial undertakings also render specific regulatory, supervisory or oversight processes more efficient and effective, or modernise regulatory, supervisory or oversight compliance functions across financial or non-financial institutions. It is therefore desirable to amend Regulation (EU) 2015/760 in order to

permit ELTIFs to invest in innovative recently authorised financial undertakings. As the area is dynamic and rapidly evolving, ELTIFs should be allowed to invest in financial undertakings, other than financial holding companies or mixed-activity holding companies, that are regulated entities authorised or registered more recently than five years before the date of the initial investment.

- (b) it is an undertaking which:
- (i) is not admitted to trading on a regulated market or on a multilateral trading facility; or
 - (ii) is admitted to trading on a regulated market or on a multilateral trading facility and ~~at the same time~~ has a market capitalisation of no more than EUR 1 500 000 000;

Amending Regulation – Recital (17)

(17) At present, Regulation (EU) 2015/760 requires that qualifying portfolio undertakings, where those qualifying undertakings are admitted to trading on a regulated market or on a multilateral trading facility, have a market capitalisation of no more than EUR 500 000 000. However, many listed companies with a low market capitalisation have a limited liquidity which prevents managers of ELTIFs from building, within a reasonable time, a sufficient position in such listed companies, and as a result narrows the range of available investment targets. In order to provide ELTIFs with a better liquidity profile, the market capitalisation of the listed qualifying portfolio undertakings in which ELTIFs can invest should therefore be increased from a maximum of EUR 500 000 000 to a maximum of EUR 1 500 000 000. To avoid potential changes to the eligibility of such investments due to currency fluctuations or other factors, the determination of the market capitalisation threshold should be made only at the time of the initial investment.

- (c) it is established in a Member State, or in a third country provided that the third country:
- (i) is not identified as ~~a~~ high-risk third country listed in the delegated act adopted pursuant to Article 9(2) of Directive (EU) 2015/849 of the European Parliament and of the Council²⁷ ~~and non-cooperative jurisdiction identified by the Financial Action Task Force;~~
 - (ii) is not mentioned in Annex I to the Council conclusions on the revised EU list on non-cooperative jurisdictions for tax purposes ~~has signed an agreement with the home Member State of the manager of the ELTIF and with every other Member State in which the units or shares of the ELTIF are intended to be marketed to~~

²⁷ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

ensure that the third country fully complies with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters, including any multilateral tax agreements.

Amending Regulation – Recital (18)

- (18) In order to ensure the transparency and integrity of investments in assets located in third countries for investors, managers of ELTIFs and competent authorities, the requirements in respect of investments in third-country qualifying portfolio undertakings should be aligned to the standards laid down in Directive (EU) 2015/849 of the European Parliament and of the Council²⁸. They should also be aligned to the standards set out in the common action undertaken by the Member States as regards non-cooperative jurisdictions for tax purposes, reflected in the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes.

2. By way of derogation from point (a) of paragraph 1 of this Article, a qualifying portfolio undertaking may be a financial undertaking that exclusively finances qualifying portfolio undertakings referred to in paragraph 1 of this Article or real assets referred to in point (e) of Article 10.

Article 12

Conflict of interest

1. An ELTIF shall not invest in an eligible investment asset in which the manager of the ELTIF has or takes a direct or indirect interest, other than by holding units or shares of the ELTIFs, EuSEFs or EuVECAs, UCITS or EU AIFs that the manager of the ELTIF manages.
2. An EU AIFM managing an ELTIF and undertakings that belong to the same group as that EU AIFM, and their staff may co-invest in that ELTIF and co-invest with the ELTIF in the same asset, provided that the manager of the ELTIF has put in place organisational and administrative arrangements designed to identify, prevent, manage and monitor conflicts of interest and provided that such conflicts of interest are adequately disclosed.

Amending Regulation – Recitals (19) and (20)

- (19) Managers of ELTIFs that hold a stake in a portfolio undertaking might place their own interests ahead of those of investors in the ELTIF. To avoid such conflicts of interest, and to ensure sound corporate governance, Regulation (EU) 2015/760 requires that an ELTIF only invests in assets that are unrelated to the manager of the ELTIF, unless the ELTIF invests in units or shares of other collective investment undertakings that are managed by the manager of the ELTIF. It is, however, established market practice that one or several investment vehicles of the asset manager co-invest alongside another fund that has a similar objective and strategy as that of the ELTIF. Such co-

²⁸ Directive (EU) 2015/849 of the European Parliament and of the Council of 20 May 2015 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, amending Regulation (EU) No 648/2012 of the European Parliament and of the Council, and repealing Directive 2005/60/EC of the European Parliament and of the Council and Commission Directive 2006/70/EC (OJ L 141, 5.6.2015, p. 73).

investments by the EU AIFM and other affiliate entities that belong to the same group allow for the attraction of larger pools of capital for investments in large-scale projects. For that purpose, asset managers typically invest in parallel with the ELTIF in a target entity and structure their investments through co-investment vehicles. As part of the asset management mandate, portfolio managers and senior staff of the asset managers are typically required or expected to co-invest in the same fund that they manage. It is therefore appropriate to specify that the provisions on conflicts of interest should not prevent a manager of an ELTIF or an undertaking that belongs to the same group from co-investing in that ELTIF or from co-investing with that ELTIF in the same asset. In order to ensure that effective investor protection safeguards are in place, where such co-investments take place, managers of ELTIFs should put in place organisational and administrative arrangements in accordance with the requirements laid down in Directive 2011/61/EU of the European Parliament and of the Council²⁹ designed to identify, prevent, manage and monitor conflicts of interest and ensure that such conflicts of interest are adequately disclosed.

- (20) To prevent conflicts of interest, avoid transactions that do not take place on commercial terms and ensure sound corporate governance, Regulation (EU) 2015/760 does not allow the staff of the manager of an ELTIF and of undertakings that belong to the same group as the manager of the ELTIF to invest in that ELTIF or to co-invest with the ELTIF in the same asset. It is, however, established market practice that the staff of the manager of an ELTIF and of other affiliate entities that belong to the same group, which co-invest alongside the manager of the ELTIF, including the portfolio managers and senior staff responsible for the key financial and operational decisions of the manager of the ELTIF, are often required or expected due to the nature of the asset management mandate to co-invest in the same fund or the same asset in order to promote the alignment of financial incentives of those staff and the investors. It is therefore appropriate to specify that the provisions on conflicts of interest should not prevent the staff of the manager of an ELTIF or of undertakings that belong to that group from co-investing in their personal capacity in that ELTIF and from co-investing with the ELTIF in the same asset. In order to ensure that effective investor protection safeguards are in place, where such co-investments by the staff take place, managers of ELTIFs should put in place organisational and administrative arrangements designed to identify, prevent, manage and monitor conflicts of interest and ensure that such conflicts of interest are adequately disclosed.

²⁹ Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1).

SECTION 2

Provisions on investment policies

Article 13

Portfolio composition and diversification

1. An ELTIF shall invest at least ~~55~~70 % of its capital in eligible investment assets.

Amending Regulation – Recital (22)

(22) At present, Regulation (EU) 2015/760 requires that ELTIFs invest at least 70 % of their capital in eligible investment assets. That high investment limit for eligible investment assets in ELTIFs' portfolios was initially established in view of the focus of ELTIFs on long-term investments and the contribution such investments were expected to make to the financing of sustainable growth of the Union's economy. Given the illiquid and idiosyncratic nature of certain eligible investment assets within ELTIFs' portfolios, however, it can prove difficult and costly for managers of ELTIFs to manage the liquidity of ELTIFs, honour redemption requests, enter into borrowing arrangements, and execute other elements of ELTIFs' investment strategies pertaining to the transfer, valuation and pledging of such eligible investment assets. Lowering the limit for eligible investment assets would therefore enable managers of ELTIFs to better manage the liquidity of ELTIFs. Only eligible investment assets of ELTIFs other than collective investment undertakings and eligible investment assets of collective investment undertakings in which ELTIFs have invested should be combined for the purpose of assessing compliance by those ELTIFs with the investment limit for eligible investment assets.

2. An ELTIF shall invest no more than:
 - (a) ~~4~~20 % of its capital in instruments issued by, or loans granted to, any single qualifying portfolio undertaking;
 - (b) ~~4~~20 % of its capital ~~directly or indirectly~~ in a single real asset;
 - (c) ~~4~~20 % of its capital in units or shares of any single ELTIF, EuVECA ~~or~~ EuSEF, UCITS or EU AIF managed by an EU AIFM;
 - (d) ~~5~~10 % of its capital in assets referred to in ~~point (b) of~~ Article 9(1), point (b), where those assets have been issued by any single body.

Amending Regulation – Recital (23)

(23) The existing diversification requirements of Regulation (EU) 2015/760 were introduced in order to ensure that ELTIFs can withstand adverse market circumstances. However, those provisions have proven to be too burdensome because in practice they mean that ELTIFs are, on average, required to make 10 distinct investments. In relation to investment in projects or large-scale infrastructure, the requirement to make 10 investments per ELTIF can be difficult to achieve, and

costly in terms of transactional costs and capital allocation. To reduce transaction and administrative costs for ELTIFs, and ultimately their investors, ELTIFs should therefore be able to pursue more concentrated investment strategies and thus have exposures to fewer eligible assets. It is therefore necessary to adjust the diversification requirements for ELTIFs' exposures to single qualifying portfolio undertakings, single real assets, collective investment undertakings and certain other eligible investment assets, contracts and financial instruments. That additional flexibility in the portfolio composition of ELTIFs and the reduction in the diversification requirements should not materially affect the capacity of ELTIFs to withstand market volatility, since ELTIFs typically invest in assets that do not have a readily available market quotation, that might be highly illiquid, and that frequently have long-term maturity or a longer time horizon.

3. The aggregate value of ~~units or shares of ELTIFs, EuvEGAs and EuSEFs~~ simple, transparent and standardised securitisations in an ELTIF portfolio shall not exceed 20% of the value of the capital of the ELTIF.
4. The aggregate risk exposure to a counterparty of the ELTIF stemming from ~~over-the-counter~~ (OTC) derivative transactions, repurchase agreements, or reverse repurchase agreements shall not exceed ~~5~~10% of the value of the capital of the ELTIF.

~~By way of derogation from points (a) and (b) of paragraph 2, an ELTIF may raise the 10 % limit referred to therein to 20 %, provided that the aggregate value of the assets held by the ELTIF in qualifying portfolio undertakings and in individual real assets in which it invests more than 10 % of its capital does not exceed 40 % of the value of the capital of the ELTIF.~~

5. By way of derogation from ~~point (d) of~~ paragraph 2, ~~point (d)~~, an ELTIF may raise the ~~5~~10% limit referred to therein to 25 % where bonds are issued by a credit institution ~~which~~that has its registered office in a Member State and ~~that~~ is subject by law to special public supervision designed to protect bond-holders. In particular, sums deriving from the issue of those bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.
6. Companies which are included in the same group for the purposes of consolidated accounts, as regulated by Directive 2013/34/EU ~~of the European Parliament and of the Council~~⁽³⁰⁾ or in accordance with recognised international accounting rules, shall be regarded as a single qualifying portfolio undertaking or a single body for the purpose of calculating the limits referred to in paragraphs 1 to ~~6~~5 of this Article.
7. The investment limits set out in paragraphs 2 to 4 shall not apply where ELTIFs are marketed solely to professional investors. The investment limit set out in paragraph 2, point (c) shall not apply where an ELTIF is a feeder ELTIF.

³⁰ ~~Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EG of the European Parliament and of the Council and repealing Council Directives 78/660/EEG and 83/349/EEG (OJ L 182, 29.6.2013, p. 19).~~

Amending Regulation – Recitals (21) and (24)

- (21) The rules for ELTIFs are almost identical for both professional and retail investors, including rules on the use of leverage, on the diversification of assets and composition of the portfolios, on concentration limits and on limits on the eligible assets and investments. However, professional and retail investors have different time horizons, risk tolerances and investment needs as well as different capabilities to analyse investment opportunities. Indeed, professional investors have a higher risk tolerance than retail investors, are able to perform thorough analyses of investment possibilities and due diligence of assets and their valuation, and might, due to their nature and activities, have different return objectives compared to retail investors. Despite that, and because of the almost identical rules and the resulting high administrative burden and associated costs for ELTIFs intended for professional investors, asset managers have to date been reluctant to offer tailored products to professional investors. It is therefore appropriate to provide for specific rules for ELTIFs that are marketed solely to professional investors, in particular with regard to the diversification and composition of the portfolio concerned, the concentration limits and the borrowing of cash.
- (24) Unlike retail investors, professional investors have, in certain circumstances, a longer time horizon, distinct financial returns objectives, more expertise, higher risk tolerance to adverse market conditions and higher capacity to absorb losses. It is therefore necessary to establish for such professional investors a differentiated set of investor protection measures and to remove the diversification requirements for ELTIFs that are marketed solely to professional investors.

Article 14

Rectification of investment positions

In the event that an ELTIF infringes the **portfolio composition and diversification requirements laid down set out** in Article 13(2) to 13(6) or the **borrowing limits set out in Article 16(1), point (a)**, and the infringement is beyond the control of the manager of the ELTIF, the manager of the ELTIF shall, within an appropriate period of time, take such measures as are necessary to rectify the position, taking due account of the interests of the investors in the ELTIF.

Article 15

Concentration limits

1. An ELTIF may acquire no more than **2530 %** of the units or shares of a single ELTIF, EuVECA, ~~or~~ EuSEF, UCITS or of an EU AIF managed by an EU AIFM. That limit shall not apply where ELTIFs are marketed solely to professional investors nor shall it apply to a feeder ELTIF investing in its master ELTIF.

Amending Regulation – Recital (25)

- (25) In order to better use the expertise of managers of ELTIFs and because of the benefits of diversification, in certain cases it can be beneficial for ELTIFs to invest all or almost all of their assets in the diversified portfolio of a master ELTIF. ELTIFs should therefore

be allowed to pool their assets and make use of master-feeder structures by investing in master ELTIFs.

2. The concentration limits laid down in Article 56(2) of Directive 2009/65/EC shall apply to investments in the assets referred to in ~~point (b) of Article 9(1), point (b),~~ of this Regulation, **except where ELTIFs are marketed solely to professional investors.**

Amending Regulation – Recital (26)

(26) Leverage is frequently used to enable the day-to-day operation of an ELTIF and to carry out a specific investment strategy. Moderate amounts of leverage can, where adequately controlled, amplify returns without incurring or exacerbating excessive risks. In addition, leverage can frequently be used by a variety of collective investment undertakings to gain additional efficiencies or operational results. Since the borrowing of cash is at present limited in Regulation (EU) 2015/760 to 30 % of the value of the capital of ELTIFs, managers of ELTIFs might be unable to successfully pursue certain investment strategies, including in the case of investments in real assets, where using higher levels of leverage is an industry norm or is otherwise required to achieve attractive risk-adjusted returns. It is therefore appropriate to increase the flexibility of managers of ELTIFs to raise further capital during the life of an ELTIF. At the same time, it is desirable to enhance the management of leverage and to promote a greater consistency with Directive 2011/61/EU with respect to borrowing policy by replacing capital with net asset value as the appropriate point of reference for determining the borrowing of cash limit, which should be accompanied by improvements to the rectification policy. In view of the possible risks that leverage can entail, ELTIFs that can be marketed to retail investors should be permitted to borrow cash amounting to no more than 50 % of the net asset value of the ELTIF. The 50 % limit is appropriate given the overall borrowing of cash limits common for funds investing in real assets with a similar liquidity and redemption profile.

For ELTIFs marketed to professional investors, however, a higher leverage limit should be permitted, because professional investors have a higher risk tolerance than retail investors. The borrowing of cash limit for ELTIFs that are marketed solely to professional investors should therefore be extended to no more than 100 % of the ELTIF's net asset value. Moreover, to date, Regulation (EU) 2015/760 does not offer the manager of an ELTIF the possibility of rectifying the investment position, within an appropriate period of time, in cases where the ELTIF infringes the leverage limit and the infringement is beyond the control of the manager of the ELTIF. Taking into account the volatility of the net asset value as a reference value and the interests of the investors in the ELTIF, it should therefore be specified that the provisions on rectification in Regulation (EU) 2015/760 apply also to borrowing limits.

Article 16

Borrowing of cash

1. An ELTIF may borrow cash provided that such borrowing fulfils all of the following conditions:
- (a) it represents no more than ~~350~~ % of the net asset value of ~~the capital of~~ the ELTIF in the case of ELTIFs that can be marketed to retail investors, and no more than 100% of the

net asset value of the ELTIF in the case of ELTIFs marketed solely to professional investors;

- (b) it serves the purpose of making investments ~~ing~~ or providing liquidity ~~in eligible investment assets, including to pay costs and expenses, except for loans referred to in point (e) of Article 10;~~ provided that the holdings in cash or cash equivalents of the ELTIF are not sufficient to make the investment concerned;
- (c) it is contracted in the same currency as the assets to be acquired with the borrowed cash, ~~or in another currency where currency exposure has been appropriately hedged;~~

Amending Regulation – Recital (27)

(27) To provide ELTIFs with wider investment opportunities, ELTIFs should be able to borrow in the currency in which the manager of the ELTIF expects to acquire the asset. It is, however, necessary to mitigate the risk of currency mismatches and thus to limit the currency risk for the investment portfolio. ELTIFs should therefore appropriately hedge their currency exposure.

- (d) it has a maturity no longer than the life of the ELTIF;

When borrowing cash, an ELTIF may encumber assets to implement its borrowing strategy.

Amending Regulation – Recital (28)

(28) ELTIFs should be able to encumber their assets to implement their borrowing strategy. In order to further increase the flexibility of ELTIFs in executing their borrowing strategy, borrowing arrangements should not constitute borrowing where that borrowing is fully covered by investors' capital commitments.

~~it encumbers assets that represent no more than 30 % of the value of the capital of the ELTIF.~~

Borrowing arrangements that are fully covered by investors' capital commitments shall not be considered to constitute borrowing for the purposes of this paragraph.

- 2. The manager of the ELTIF shall specify in the prospectus of the ELTIF whether ~~or not~~ the ELTIF intends to borrow cash as part of ~~the ELTIF's~~ investment strategy and, if so, shall also specify therein the borrowing limits.

Amending Regulation – Recital (29)

(29) Given the increase of the maximum limits for the borrowing of cash by ELTIFs and the removal of certain limits on the borrowing of cash in foreign currencies, investors should have more comprehensive information on the borrowing strategies and limits employed by ELTIFs. It is therefore appropriate to require managers of ELTIFs to expressly disclose the borrowing limits in the prospectus of the ELTIF concerned.

3. The borrowing limits to be specified in the prospectus as referred to in paragraph 2 shall only apply as from the date specified in the rules or instruments of incorporation of the ELTIF. That date shall be no later than three years after the date on which the marketing of the ELTIF commenced.
4. The borrowing limits referred to in paragraph 1, point (a), shall be temporarily suspended where the ELTIF raises additional capital or reduces its existing capital. Such suspension shall be limited in time to the period that is strictly necessary taking due account of the interests of the investors in the ELTIF and, in any case, shall last no longer than 12 months.

Article 17

Application of portfolio composition and diversification rules

1. The ~~investment limit~~ portfolio composition and diversification requirements laid down in Article 13(4) shall:
 - (a) apply by the date specified in the rules or instruments of incorporation of the ELTIF;
 - (b) cease to apply once the ELTIF starts to sell assets in order to redeem investors' units or shares after the end of the life of the ELTIF;
 - (c) be temporarily suspended where the ELTIF raises additional capital or reduces its existing capital, so long as such a suspension lasts no longer than 12 months.

The date referred to in point (a) of the first subparagraph shall take account of the particular features and characteristics of the assets to be invested by the ELTIF, and shall be no later than either five years after the date of the authorisation as an ELTIF, or half the life of the ELTIF as determined in accordance with Article 18(3), whichever is the earlier. In exceptional circumstances, the competent authority of the ELTIF, upon submission of a duly justified investment plan, may approve an extension of this time limit by no more than one additional year.

2. Where a long-term asset in which an ELTIF has invested is issued by a qualifying portfolio undertaking that no longer complies with point (b) of Article 11(1), the long-term asset may continue to be counted for the purpose of calculating the investment limit referred to in Article 13(1) for a maximum of three years from the date on which the qualifying portfolio undertaking no longer fulfils the requirements of point (b) of Article 11(1).

CHAPTER III

REDEMPTION, TRADING AND ISSUE OF UNITS OR SHARES OF AN ELTIF AND DISTRIBUTION OF PROCEEDS AND CAPITAL

Article 18

Redemption ~~policy and life~~ of units or shares of ELTIFs

1. Investors in an ELTIF shall not be able to request the redemption of their units or shares before the end of the life of the ELTIF. Redemptions to investors shall be possible ~~as~~ from the day following the date of the end of the life of the ELTIF.

The ~~r~~Rules or instruments of incorporation of the ELTIF shall clearly indicate a specific date for the end of the life of the ELTIF and may provide for the right to extend temporarily the life of the ELTIF and the conditions for exercising such a right.

The ~~r~~Rules or instruments of incorporation of the ELTIF and disclosures to investors shall lay down the procedures for the redemption of units or shares and the disposal of assets, and state clearly that redemptions to investors shall ~~commence on~~ be possible ~~as from~~ the day following the date of the end of life of the ELTIF.

2. By way of derogation from paragraph 1 of this Article, the rules or instruments of incorporation of the ELTIF may provide for the possibility of redemptions ~~before the end of~~ during the life of the ELTIF; provided that all of the following conditions are fulfilled:

- (a) redemptions are not granted before the ~~end of a minimum holding period or before the date specified in~~ ~~point (a) of~~ Article 17(1), point (a);
- (b) at the time of authorisation and throughout the life of the ELTIF, the manager of the ELTIF is able to demonstrate to the competent authorities of the ELTIF that the ELTIF has in place an appropriate ~~redemption policy and~~ liquidity management ~~system and effective procedures for monitoring the liquidity risk of the ELTIF are in place, which tools that are compatible with the long-term investment strategy of the ELTIF and the proposed redemption policy;~~
- (c) the ~~manager of the ELTIF sets out a defined~~ redemption policy of the ELTIF, which clearly indicates the ~~periods of time during which investors may request~~ procedures and conditions for redemptions;

ELTIF RTS - Article 5

Requirements to be fulfilled by the ELTIF in relation to its redemption policy and liquidity management tools, as referred to in Article 18(2), first subparagraph, points (b) and (c), of Regulation (EU) 2015/760

1. Where an ELTIF provides for the possibility of redemptions during the life of the ELTIF, the redemption policy of the ELTIF shall contain all of the following elements:
 - (a) the conditions under which redemptions can be granted;
 - (b) the time window within which redemptions can be granted;
 - (c) the frequency or periodicity at which redemptions can be granted;

- (d) the timing limitations, if any, and the procedures and requirements applicable to the redemptions, including:
 - (i) the notice period and the extension of the notice period, if any, and a description of how and within which time investors will be repaid;
 - (ii) the conditions and procedures for redemptions requests;
 - (iii) the role and responsibilities of the entities involved in the procedures;
 - (e) whether and how investors can request the cancellation of their redemption requests that have not been fully executed;
 - (f) whether the ELTIF provides for the possibility of repayments in kind out of the ELTIF's assets, as referred to in Article 18(5) of Regulation (EU) 2015/760;
 - (g) whether the ELTIF has a minimum holding period as referred to in Article 18(2), first subparagraph, point (a), of Regulation (EU) 2015/760, and if so, the duration of, and conditions for such minimum holding period;
 - (h) a description of the available liquidity management tools and of the conditions for their activation;
 - (i) the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760. For the purposes of point (h), where the ELTIF is marketed to retail investors, the description of the available liquidity management tools shall be written in non-technical terms that enable retail investors' understanding of those tools.
2. When adopting the redemption policy of an ELTIF, the manager of the ELTIF shall take into account all of the following features of the ELTIF to assess the liquidity profile of the ELTIF:
- (a) the composition of the portfolio of the ELTIF, including the assets referred to in Article 9(1), point (b), of Regulation (EU) 2015/760;
 - (b) the life of the ELTIF;
 - (c) the liquidity profile of the ELTIF;
 - (d) the methods and documented process for the valuation of the assets of the ELTIF;
 - (e) the market conditions and material events that may affect the possibility of the manager of the ELTIF to implement the redemption policy;
 - (f) the minimum holding period determined by the manager of the ELTIF in accordance with Article 3 of this Regulation, and the criteria used to determine that minimum holding period, where applicable;

- (g) the available liquidity management tools, their calibration, and the conditions for their activation;
 - (h) the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760, and the criteria used to determine that percentage;
 - (i) the liquidity stress tests, where such liquidity stress tests are to be carried out pursuant to Article 15(3), point (b), and Article 16(1) of Directive 2011/61/EU, and their results;
 - (j) how the interests of investors will be protected.
3. Throughout the life of the ELTIF, the redemption policy shall be sound, well-documented, and consistent with the ELTIF's investment strategy and liquidity profile. All of the following shall be consistent with the nature and the level of liquidity of the ELTIF's underlying assets:
- (a) the different features of the redemption policy, including the redemption frequency;
 - (b) the minimum holding period, where applicable;
 - (c) the date referred to in Article 17(1), first subparagraph, point (a), of Regulation (EU) 2015/760;
 - (d) the liquidity management tools referred to in Article 18(2), first subparagraph, point (b), of Regulation (EU) 2015/760.
- When reviewing the validity of risk measurement and the new information acquired by the manager of the ELTIF throughout the life of the ELTIF, the manager of an ELTIF shall take into account the results of the back-testing performed on its liquidity stress tests, where such back-testing is to be carried pursuant to Article 45(3), point (b), of Delegated Regulation (EU) No 231/2013.
4. Where redemptions take place more frequently than on a quarterly basis, the manager of the ELTIF shall justify to the competent authority of the ELTIF the appropriateness of the redemption frequency and its compatibility with the individual features of the ELTIF.
5. The percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 shall be an integral part of the redemption policy of the ELTIF. The manager of the ELTIF shall calibrate that percentage at its discretion on the basis of one of the following:
- (a) the redemption frequency and the notice period of the ELTIF, including the extension of the notice, if any, depending on which of one of the three options referred to in Annex I to this Regulation is selected by the manager of the ELTIF; or

(b) the redemption frequency and the minimum percentage of the assets referred to in Article 9(1), point (b), of Regulation (EU) 2015/760, as specified in Annex II to this Regulation.

6. To determine the maximum size of redemption at a given redemption date, the manager of the ELTIF shall apply the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760, as specified in Annex I or Annex II to this Regulation, to the sum of:

(a) the assets referred to in Article 9(1), point (b) of Regulation (EU) 2015/760 at that redemption date; and

(b) the expected cash flow, forecasted on a prudent basis over 12 months.

For the purposes of point (b), the manager of the ELTIF shall only take into account those expected positive cash flows for which the ELTIF manager can demonstrate that there is a high degree of certainty that they will materialise. The manager of the ELTIF shall not consider as expected positive cash flows the possibility that the ELTIF can raise capital through new subscriptions.

7. Where the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 is calibrated on the basis of paragraph 5, point (b), and the amount of assets of the ELTIF referred to in Article 9(1), point (b), of Regulation (EU) 2015/760 falls below the thresholds set out in Annex II to this Regulation, the ELTIF manager shall, within a period of time that is appropriate for that ELTIF, take the necessary measures to reconstitute the minimum percentage of the liquid assets, while maintaining the ability of investors to redeem their units or shares, taking due account of the interests of the investors in the ELTIF.

8. Where the notice period of the ELTIF, including the extension of the notice period, if any, is less than 3 months, the manager of the ELTIF shall inform the competent authority of the ELTIF thereof, including the reasons for such shorter notice period, and shall explain how that shorter notice period is consistent with the individual features of the ELTIF.

9. The manager of an ELTIF shall not be required but may, at its discretion, select and implement at least one anti-dilution liquidity management tool from among any of the following anti-dilution liquidity management tools:

(a) anti-dilution levies;

(b) swing pricing;

(c) redemption fees.

In addition to the anti-dilution liquidity management tools referred to in the first subparagraph, the manager of the ELTIF may also at its discretion select and implement other liquidity management tools. In such a case, the manager of the ELTIF shall upon request by the competent authority of the ELTIF provide the competent authority of the ELTIF with information on why, on the basis of the features of the ELTIF referred to in paragraph 2, the anti-dilution liquidity management tools referred to in the first subparagraph are not adequate for that

specific ELTIF or why another set of liquidity management tools would be more appropriate, taking into account the interests of the ELTIF and of its investors.

10. A competent authority may, upon request of the manager of the ELTIF, exempt the ELTIF that can solely be marketed to professional investors from the obligation to provide that competent authority with the information referred to in paragraph 8 and paragraph 9, second subparagraph.

ELTIF RTS – Recital (6)

- (6) Article 16(1) of Directive 2011/61/EU requires AIFMs, and thus also managers of ELTIFs, to employ an appropriate liquidity management system, to adopt procedures which enable them to monitor their liquidity risk, and to ensure the alignment of the investment strategy, liquidity profile and redemption policy of the ELTIF. In that regard, the manager of an ELTIF should have the possibility to select and implement, at its discretion, one or more anti-dilution liquidity management tools or other liquidity management tools. Since ELTIFs can be marketed to retail investors and to enable a high standard of market integrity, in the latter case, the manager of the ELTIF should provide the competent authority of the ELTIF, upon request of that authority, with the information on the choice of the liquidity management tools and their appropriateness in the context of the ELTIF.

- (d) the redemption policy of the ELTIF ensures that ~~the overall amount of redemptions within any given period is~~ limited to a percentage of ~~the those~~ assets of the ELTIF ~~which are referred to in point (b) of Article 9(1), in point (b); This percentage shall be aligned to the liquidity management and investment strategy disclosed by the manager of the ELTIF;~~

ELTIF RTS – Recital (7)

- (7) ELTIFs should be able to implement investment strategies in long-term assets, which requires that the maximum liquidity to be offered in an ELTIF can be determined and that the probability of suspension of an ELTIF is reduced. For that reason, the manager of an ELTIF should implement the redemption restriction laid down in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 in such a way that it is ensured that redemptions are limited to a portion of liquid assets and that liquidity mismatches are avoided. To ensure the effective protection of the long-term assets of the ELTIF and the resulting protection of the interests of all investors, the use of redemption restrictions should relate to a wide range and different types of situations, including to stressed market situations.
- (8) When assessing the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760, competent authorities should take into account, inter alia, the variety of ELTIFs, their liquidity profile, the notice period, if any, and the frequency of redemptions of the ELTIF and expected cash flows in a conservative manner. Competent authorities should therefore only take expected positive cash flows into account to the extent that there is a high degree of certainty that those positive cash flows will materialise. It follows that competent authorities should not consider as expected positive cash flows the possibility that the ELTIF can dispose of eligible long-term investment assets or the possibility that the ELTIF can raise capital through new subscriptions.

- (9) The manager of the ELTIF should determine the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 either on the basis of the redemption frequency and the maximum length of the notice period, which represents the notice period, including the extension of the notice period, if any, or, alternatively, on the basis of the redemption frequency and the minimum percentage of liquid assets. In both cases, the manager of the ELTIF may consider introducing a notice period as part of the redemption policy. To facilitate the calibration of the liquidity parameters by the manager of the ELTIF and the effective supervision by the competent authority, the linear approximation should be used to determine the maximum percentage of assets referred to Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 where the redemption frequency or the notice period do not correspond to the parameters set out in the calibration tables provided to the manager of the ELTIF.
- (10) Where the amount of liquid assets of the ELTIF falls below certain specified thresholds, in particular, given asset value fluctuations or the impact of redemptions, the manager of the ELTIF should, within an appropriate period of time, take such measures as are necessary to reconstitute the minimum percentage of the liquid assets, EN 7 EN taking due account of the interests of the investors in the ELTIF and the long-term investment strategy of the ELTIF.

- (e) the redemption policy of the ELTIF ensures that investors are treated fairly and redemptions are granted on a pro rata basis if the ~~total amount of~~ requests for redemptions ~~within any given period of time~~ exceed the percentage referred to in point (d) of this subparagraph.

The condition of a minimum holding period referred to in point (a) of the first subparagraph shall not apply to feeder ELTIFs investing in their master ELTIFs.

3. The life of an ELTIF shall be consistent with the long-term nature of the ELTIF and shall be ~~sufficient in length to cover~~ compatible with the life-cycles of each of the individual assets of the ELTIF, measured according to the illiquidity profile and economic life-cycle of the asset and the stated investment objective of the ELTIF.

~~Investors may request the winding down of an ELTIF if their redemption requests, made in accordance with the ELTIF's redemption policy, have not been satisfied within one year from the date on which they were made.~~

Amending Regulation – Recital (30)

- (30) At present, Regulation (EU) 2015/760 provides that investors in an ELTIF are able to request the winding down of that ELTIF where their redemption requests, made in accordance with the ELTIF's redemption policy, have not been satisfied within one year from the date on which those requests were made. Given the long-term orientation of ELTIFs and the often idiosyncratic and illiquid asset profile of ELTIFs' portfolios, the entitlement of any investor or group of investors to request the winding down of an ELTIF can be disproportionate and detrimental to both the successful execution of the ELTIF's investment strategy and the interests of other investors or groups of investors. It is therefore appropriate to remove the possibility for investors to require the winding down of an ELTIF where that ELTIF is unable to satisfy redemption requests.

ELTIF RTS - Article 2

Circumstances in which the life of an ELTIF is compatible with the life-cycles of each of its individual assets

When assessing whether the life of an ELTIF is compatible with the life-cycles of each of the individual assets of the ELTIF, as referred to in Article 18(3) of Regulation (EU) 2015/760, the manager of an ELTIF shall consider all of the following:

- (a) the liquidity profile of each of the individual assets of the ELTIF;
- (b) the liquidity profile of the ELTIF's portfolio on a weighted basis;
- (c) the timing of the acquisition and the disposal of each of the individual assets of the ELTIF, assessed against the background of the economic life-cycle of the assets, and the life of the ELTIF;
- (d) the investment objective of the ELTIF;
- (e) where an ELTIF provides for the possibility of redemptions during the life of the ELTIF, the redemption policy of the ELTIF;
- (f) the cash management needs and expected cash-flow and liabilities of the ELTIF;
- (g) the possibility to roll over, or terminate, the exposure of the ELTIF to the individual assets of the ELTIF;
- (h) the availability of a reliable, sound, and up-to-date valuation of the assets in the ELTIF's portfolio;
- (i) the portfolio composition and the life-cycle management of the ELTIF's assets throughout the life of the ELTIF.

ELTIF RTS – Recital (2)

- (2) The underlyings and their liquidity profile can have an impact on the ELTIF and the long-term nature of the ELTIF. It is necessary to ensure the alignment and coherence of an ELTIF's investment strategy with its liquidity profile and redemption policy of the ELTIF. The manager of an ELTIF should therefore, when assessing whether the life of an ELTIF is compatible with the life-cycles of each of the individual assets of the ELTIF, as referred to in Article 18(3) of Regulation (EU) 2015/760, consider the liquidity profile of each of the ELTIF's individual assets, the liquidity profile of the ELTIF's portfolio on a weighted basis, the timing of acquisition of those individual assets, and the valuation of those individual assets. Since redemptions may affect the assets and liabilities and the liquidity of an ELTIF, the manager of an ELTIF that provides for the possibility of redemptions during the life of the ELTIF should also consider the redemption policy of that ELTIF when assessing whether the life of an ELTIF is compatible with the life-cycles of each of the individual assets of the ELTIF.

4. Investors shall always have the option to be repaid in cash.

5. Repayment in kind out of an ELTIF's assets shall be possible only where all of the following conditions are met:
- (a) the rules or instruments of incorporation of the ELTIF ~~provide for this~~ offer that possibility, provided that all investors are treated fairly;
 - (b) the investor asks in writing to be repaid through a share of the assets of the ELTIF;
 - (c) no specific rules restrict the transfer of those assets.
6. ESMA shall develop draft regulatory technical standards specifying the circumstances in which the life of an ELTIF is considered ~~sufficient in length to cover~~ compatible with the life-cycles of each of the individual assets of the ELTIF, as referred to in paragraph 3.

ESMA shall also develop draft regulatory technical standards specifying the following:

- (a) the criteria to determine the minimum holding period referred to in paragraph 2, first subparagraph, point (a);

ELTIF RTS - Article 3

Criteria to determine the minimum holding period referred to in Article 18(2), first subparagraph, point (a), of Regulation (EU) 2015/760

1. The manager of an ELTIF that chooses to determine a minimum holding period as referred to in Article 18(2), first subparagraph, point (a), of Regulation (EU) 2015/760 shall consider all of the following:
 - (a) the long-term nature and investment strategy of the ELTIF;
 - (b) the underlying asset classes of the ELTIF, their liquidity profile, and their position in their life-cycle;
 - (c) the ELTIF's investment policy, and the extent to which the ELTIF takes part in the investment policy and governance of the underlying assets in which the ELTIF invests;
 - (d) the investor base of the ELTIF and:
 - (i) where the ELTIF is marketed to retail investors, the expected aggregate concentration of retail investors;
 - (ii) the information on the degree of concentration of the ownership of the professional investors in the ELTIF, where available;
 - (e) the liquidity profile of the ELTIF;
 - (f) the procedures for the valuation of the ELTIF's assets, and the time required to produce a reliable, sound, and up-to-date (based on the most recent data) valuation;
 - (g) the extent to which the ELTIF lends or borrows cash, grants loans, or enters into securities lending, securities borrowing, repurchase

transactions, or any other agreement which has an equivalent economic effect and poses similar risks;

- (h) the portfolio composition and diversification of the ELTIF;
- (i) the average and mean length of life, where applicable, of the assets of the portfolio of the ELTIF;
- (j) the duration and the characteristics of the life-cycle of the ELTIF and the ELTIF's redemption policy;
- (k) the timeframe for the investment phase of the investment strategy of the ELTIF;
- (l) whether the minimum holding period, where applicable, is consistent and commensurate with the time necessary to complete the investment of the ELTIF's capital contributions, and in particular:
 - (i) whether that minimum holding period covers at least the initial investment phase of the ELTIF;
 - (ii) unless duly justified by the manager of the ELTIF, whether the minimum holding period lasts at least until the ELTIF's aggregate capital contributions have been invested.

2. Where requested by the competent authority of the ELTIF, the manager of the ELTIF shall justify to the competent authority of the ELTIF, in particular, on the basis of the criteria set out in paragraph 1, the appropriateness of the duration of the minimum holding period of the ELTIF and its compatibility with the valuation procedures and the redemption policy of the ELTIF.

ELTIF RTS – Recital (4)

(4) The minimum holding period, if any, referred to in Article 18(2), first subparagraph, point (a), of Regulation (EU) 2015/760 typically can enable the ELTIF to complete the investment of its capital contributions. It follows that the minimum holding period, if any, should allow the ELTIF to achieve that aim. However, Regulation (EU) 2015/760 does not specify the length of the minimum holding periods, nor the requirement thereof, and requires that the manager of an ELTIF determines the minimum holding period based on a set of certain criteria. Therefore, in determining that minimum holding period, the manager of the ELTIF should consider the circumstances of the ELTIF.

- (b) the minimum information to be provided to the competent authority of the ELTIF under paragraph 2, first subparagraph, point (b);

ELTIF RTS – Article 4

Minimum information about the redemption policy and liquidity management tools to be provided by the manager of an ELTIF to the competent authority of the ELTIF under Article 18(2), first subparagraph, point (b), of Regulation (EU) 2015/760

1. Where an ELTIF provides for the possibility of redemptions during the life of the ELTIF, the manager of an ELTIF shall provide the competent authority of the ELTIF, at the time of authorisation of the ELTIF, with all of the following information:
 - (a) the redemption policy of the ELTIF, which shall contain and clearly indicate all of the following:
 - (i) information on the periodicity and the duration of the redemptions;
 - (ii) a description of the available liquidity management tools, and the conditions for their activation;
 - (iii) the conditions and procedures for requesting redemptions and for processing the redemption requests received;
 - (b) the entities responsible for managing the redemption process and how the redemptions will be documented;
 - (c) a description of how the assets and liabilities of the ELTIF will be managed to meet redemption requests;
 - (d) a description of the procedures, if any, to prevent redemptions causing dilution effects for investors;
 - (e) a description of the valuation procedures of the ELTIF set out in accordance with Article 19(3), third subparagraph, of Directive 2011/61/EU, and Articles 72 and 74 of Commission Delegated Regulation (EU) No 231/2013³¹.
 - (f) the results, assumptions and inputs used for liquidity stress tests, where such liquidity stress tests are to be carried out pursuant to Article 15(3), point (b), and Article 16(1), second subparagraph, of Directive 2011/61/EU, demonstrating whether and how, in severe but plausible scenarios, the ELTIF is able to deal with redemption requests;
 - (g) the liquidity offered to investors of the ELTIF, and the liquidity profiles of the investments of the ELTIF, both under normal and stressed conditions;
 - (h) information about the implementation of the liquidity management tools;
 - (i) the elements referred to in Article 5(1) of this Regulation;
 - (j) the approach used by the manager of the ELTIF to determine the maximum percentage referred to in Article 18(2), first subparagraph,

- point (d), of Regulation (EU) 2015/760 as per Article 5(5) first subparagraph, of this Regulation;
- (k) any other information that the competent authority of the ELTIF considers relevant to assess whether the redemption policy of the ELTIF and the liquidity management tools meet the requirements set out in Regulation (EU) 2015/760.
2. Throughout the life of the ELTIF, before changing the elements referred to in paragraph 1, points (a)(i) or (a)(ii) and point (j), or materially changing the elements referred to in paragraph 1, point (a)(iii), the manager of the ELTIF shall notify the competent authority of the ELTIF of such change in writing at least 1 month before such change, or immediately after an unforeseeable change beyond the control of the manager of the ELTIF has occurred. Where that competent authority does not react within 20 calendar days, it shall be deemed to have agreed to such change.
3. Throughout the life of the ELTIF, the manager of an ELTIF shall, upon request from the competent authority of the ELTIF, also provide all of the following information:
- (a) up-to-date and detailed information on whether the liquidity management tools of the ELTIF have been activated and used to manage redemption requests, and if so, in which circumstances and how;
- (b) up-to-date results of the liquidity stress tests and up-to-date assumptions and inputs used for the liquidity stress tests performed, both under exceptional and stressed market conditions;
- (c) up-to-date information referred to in paragraph 1 in case of material changes to that information.

ELTIF RTS – Recital (3) to (5)

- (3) Under Article 18(2), first subparagraph, point (b), of Regulation (EU) 2015/760, the manager of the ELTIF is to be able to demonstrate to the competent authority of the ELTIF that the ELTIF has in place an appropriate redemption policy and liquidity management tools that are compatible with the long-term investment strategy of the ELTIF. One way of achieving that objective is by analysing the results, assumptions and inputs used for liquidity stress tests when those are carried out in accordance with Article 15(3), point (b), or Article 16(1) of Directive 2011/61/EU of the European Parliament and of the Council³². The results of that analysis should enable managers of ELTIFs to demonstrate whether and how, in severe but plausible scenarios, the ELTIF is able to deal with redemption requests. Those results should also enable the competent authorities to assess those scenarios for the assets and liabilities, including

³¹ Commission Delegated Regulation (EU) N 231/2019 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (OJ L 83, 22.3.2013, p. 1, ELI: http://data.europa.eu/eli/reg_del/2013/231/oj).

³² Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1, ELI: <http://data.europa.eu/eli/dir/2011/61/oj>).

redemption and collateral shocks, and the decrease in the value of the assets in those stress scenarios.

(...)

(5) With respect to ELTIFs that provide for the possibility of redemptions during their life in accordance with Article 18(2) of Regulation (EU) 2015/760, in the interest of legal certainty of ELTIFs and their investors it should be noted that in some Member States, the redemption policy is not always included in the articles of incorporation. That is because in some Member States the articles of incorporation typically specify the purpose of the company or the fund, its registered office, its general meetings, the powers of the board of directors and other details pertaining to the setup of the ELTIF, but not the policies or procedures implemented by a third party, including the alternative investment fund manager (AIFM) managing the fund. In the interest of transparency and investor protection, the manager of an ELTIF should provide the competent authority of the ELTIF with certain minimum information that demonstrate that the ELTIF has in place an appropriate redemption policy and liquidity management tools that are compatible with the long-term investment strategy of the ELTIF.

- (d) the requirements to be fulfilled by the ELTIF in relation to its redemption policy and liquidity management tools, referred to in paragraph 2, first subparagraph, point (b) and (c); and
- (e) the criteria to assess the percentage referred to in paragraph 2, first subparagraph, point (d), taking into account amongst others the ELTIF's expected cash flows and liabilities.

ELTIF RTS – Article 6

Criteria to determine the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760

1. When determining the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760, the manager of an ELTIF shall take into account all of the following elements:
 - (a) the ELTIF's liquidity profile, assets and liabilities, risks of liquidity mismatches, and expected inflows and outflows;
 - (b) the life-cycle of the assets of the ELTIF, the life of the ELTIF, the overall stability of the investment strategy of the ELTIF throughout its life and the potential market events that may affect the ELTIF;
 - (c) the planned and expected frequency of redemptions of the ELTIF and the risks of dilution effects of such redemptions for investors;
 - (d) the availability and nature of existing liquidity management tools;
 - (e) the financial performance of the ELTIF, including the free cash flows and the ELTIF's balance sheet;
 - (f) potential market circumstances and conditions that would affect the ELTIF when the percentage is set, and the extent to which the units

or shares of the ELTIF can be redeemed in such market circumstances and conditions;

- (g) the availability of reliable information on the valuation of the ELTIF's assets;
- (h) the ELTIF's stability, investment strategy, and portfolio composition throughout the life-cycle of the ELTIF after a redemptions;
- (i) other relevant information, based on the circumstances of the ELTIF and its assets and investment strategy, that are necessary to determine that percentage in stressed market conditions and normal market conditions.

2. The manager of an ELTIF shall determine the percentage of allowed redemptions referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 in accordance with the redemption policy and the valuation procedures of the ELTIF, and in accordance with Article 5(6) of this Regulation.

Amending Regulation – Recital (31)

- (31) At present, Regulation (EU) 2015/760 is unclear about the criteria to assess the redemption percentage in any given period of time, and about the minimum information to be provided to competent authorities about the possibility of redemptions. Given the central role of the European Supervisory Authority (European Securities and Markets Authority) (ESMA) in the application of Regulation (EU) 2015/760 and its expertise in relation to securities and securities markets, it is appropriate to entrust ESMA with the drawing up of draft regulatory technical standards specifying the circumstances in which the life of an ELTIF is considered compatible with the life-cycles of each of the individual assets of the ELTIF; the criteria to determine the minimum holding period; the minimum information to be provided to the competent authority of the ELTIF; the requirements to be fulfilled by the ELTIF in relation to its redemption policy and liquidity management tools; and the criteria to assess the redemption percentage. It should be noted that where the rules or instruments of incorporation of an ELTIF provide for the possibility of redemptions during the life of that ELTIF, the provisions on liquidity risk management and liquidity management tools set out in Directive 2011/61/EU apply.

ESMA shall submit those draft regulatory technical standards referred to in the first and second subparagraphs to the Commission by 10 January 2024 ~~9 September 2015~~.

Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first and second subparagraphs in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

Article 19

Secondary market

1. The rules or instruments of incorporation of an ELTIF shall not prevent units or shares of the ELTIF from being admitted to trading on a regulated market or on a multilateral trading facility.
2. The rules or instruments of incorporation of an ELTIF shall not prevent investors from freely transferring their units or shares to third parties other than the manager of the ELTIF, **subject to the applicable regulatory requirements and the conditions set out in the prospectus of the ELTIF.**
- 2a. The rules or instruments of incorporation of the ELTIF may provide for the possibility, during the life of the ELTIF, of full or partial matching of transfer requests of units or shares of the ELTIF by exiting investors with transfer requests by potential investors, provided that all of the following conditions are fulfilled:
 - (a) the manager of the ELTIF has a policy for matching requests which clearly sets out all of the following:
 - (i) the transfer process for both exiting and potential investors;
 - (ii) the role of the manager of the ELTIF or the fund administrator in conducting transfers and in matching requests;
 - (iii) the periods of time during which exiting and potential investors may request the transfer of units or shares of the ELTIF;
 - (iv) the rules determining the execution price;
 - (v) the rules determining the pro-rata conditions;
 - (vi) the timing and the nature of the disclosure of information with respect to the transfer process;
 - (vii) the fees, costs and charges, if any, related to the transfer process;

ELTIF RTS – Article 8

The determination of the execution price and the pro-ratio conditions where transfers are matched as referred to in Article 19(2a) of Regulation (EU) 2015/760, and the level of the fees, costs and charges, if any, related to the transfer

1. The manager of an ELTIF may determine the execution price referred to in Article 19(2a), point (a)(iv), of Regulation (EU) 2015/760 by using the net asset value or other price determination methods, provided that the fair treatment of all investors, including exiting and remaining investors of the ELTIF, is ensured, in particular where the ELTIF allows for redemptions as referred to in Article 18(2) of that Regulation.
2. Where the execution price referred to in Article 19(2a), point (a)(iv), of Regulation (EU) 2015/760 is based on the net asset value, the manager of an ELTIF shall align the matching of transfer requests with the valuation dates of the ELTIF. Where such execution price is not based on the net asset value, the manager of

an ELTIF shall implement such matching outside the valuation dates of the ELTIF.

3. Where an ELTIF provides for the possibility of redemptions during the life of the ELTIF as referred to in Article 18(2) of Regulation (EU) 2015/760, the ELTIF shall set out the rules determining any exit or purchase fee related to the matching of transfer requests.
4. With respect to the requirement, laid down in Article 19(2a), point (b), of Regulation (EU) 2015/760, that where there is a mismatch between exiting and potential investors, matching is to be carried out on a pro rata basis, the policy for matching requests of the ELTIF shall specify all of the following:
 - (a) where there are purchasing orders but no sale orders, or vice versa, whether the requests are cancelled or carried over;
 - (b) where exit orders are lower than purchasing orders, that exit orders are carried out and that purchasing orders that are to be satisfied are selected on the basis of the criterion established by the manager of the ELTIF, and whether the excess purchasing orders are carried over and, if so, for how long;
 - (c) where exit orders are higher than purchasing orders, that the manager of the ELTIF executes the exit orders on the basis of the criterion established by the manager of the ELTIF, and whether the excess exit orders are carried over and, if so, for how long.

The rules that specify how matching is to be carried out on a pro rata basis shall be based on the size of each exit order and take into account the available assets of the ELTIF and the features of the ELTIF.

- (d) the policy and procedures for matching the requests of the ELTIF's exiting investors with those of potential investors ensure that investors are treated fairly and that, where there is a mismatch between exiting and potential investors, matching is carried out on a pro rata basis;
- (e) the matching of requests allows the manager of the ELTIF to monitor the liquidity risk of the ELTIF and the matching is compatible with the long-term investment strategy of the ELTIF.

Amending Regulation – Recitals (32) and (33)

- (32) At present, Regulation (EU) 2015/760 requires that the rules or instruments of incorporation of an ELTIF do not prevent units or shares of the ELTIF from being admitted to trading on a regulated market or on a multilateral trading facility. Despite that possibility, managers of ELTIFs, as well as investors and market participants, have hardly used the secondary trading mechanism for the trading of units or shares of ELTIFs. To promote the secondary trading of ELTIF units or shares, it is appropriate to allow managers of ELTIFs to provide for the possibility of an early exit of ELTIF investors during the life of the ELTIF. In order to ensure the effective functioning of such a secondary trading

mechanism, an early exit should be possible only where the manager of the ELTIF has put in place a policy for matching potential investors and exit requests. That policy should, amongst others, specify the transfer process, the role of the manager of the ELTIF or the fund administrator, the periodicity and duration of the liquidity window during which the units or shares of the ELTIF can be exchanged, the rules determining the execution price and pro-ration conditions, the disclosure requirements, and the fees, costs and charges and other conditions related to such a liquidity window mechanism. ESMA should be entrusted with the drawing up of draft regulatory technical standards specifying the circumstances for the use of matching, including the information that ELTIFs are required to disclose to investors.

(33) In order to avoid any misunderstanding by retail investors regarding the legal nature of, and the potential liquidity allowed for by, the secondary trading mechanism, the distributor or, when directly offering or placing units or shares of an ELTIF to a retail investor, the manager of the ELTIF should issue a clear written alert to retail investors that the availability of a matching mechanism does not guarantee the matching or entitle retail investors to exiting or redeeming their units or shares of the ELTIF concerned. That written alert should be part of a single written alert that also informs retail investors that the ELTIF product might not be fit for retail investors that are unable to sustain such a long-term and illiquid commitment, where the life of an ELTIF offered or placed to retail investors exceeds 10 years. When presented in marketing communication to retail investors, the availability of a matching mechanism should not be promoted as a tool that guarantees liquidity upon request.

3. An ELTIF shall publish in its periodical reports the market value of its listed units or shares along with the net asset value per unit or share.
4. In the event that there is a material change in the value of an asset, the manager of the ELTIF shall disclose this to investors in its periodical reports.
5. ESMA shall develop draft regulatory technical standards specifying the circumstances for the use of matching provided for in paragraph 2a, including the information that ELTIFs need to disclose to investors.

ELTIF RTS – Article 7

Matching of transfer requests as referred to in Article 19(2a) of Regulation (EU) 2015/760

1. Where an ELTIF provides for the possibility, during the life of the ELTIF, of full or partial matching of transfer requests of units or shares of the ELTIF by exiting investors with transfer requests by potential investors, the policy for matching requests shall contain all of the following:
 - (a) the format, process, and the timing of the matching;
 - (b) the frequency or periodicity of the matching window, and the duration of that window;
 - (c) the dealing dates;

- (d) the requirements for the submission of purchase and exit requests, including the deadlines for submitting such requests;
 - (e) the settlement and pay-out periods;
 - (f) any safeguards to avoid any potential arbitrage against investors' interest due to the asymmetry of information inherent to the matching of transfer requests;
 - (g) where the manager of the ELTIF imposes a notice period for receiving purchase and exit requests, the details regarding such a notice period. Where an ELTIF provides for the possibility of redemptions during the life of the ELTIF as referred to in Article 18(2) of Regulation (EU) 2015/760, the policy for matching requests shall clearly set out the differences between such redemptions and the matching referred to in Article 19(2a) of that Regulation, in particular as regards the frequency, periods, execution price, and notice period for such matching, and shall contain the specific criteria for the determination of the execution price in case of matching.
2. The rules and procedures for matching requests shall be sound, appropriate for the ELTIF and its investors, and shall aim at preventing, managing, and monitoring conflicts of interest.

ELTIF RTS – Article 9

Information that ELTIFs need to disclose to investors when transfers are matched as referred to in Article 19(2a) of Regulation (EU) 2015/760 and the timing of such disclosure

1. The information that ELTIFs are to disclose to investors when matching transfers as referred to in Article 19(2a) of Regulation (EU) 2015/760 shall contain all of the following, as applicable depending on whether the execution price is based on net asset value or not:
- (a) predetermined dealing dates and settlement or pay-out periods;
 - (b) deadlines for the submission of purchase or exit orders;
 - (c) the frequency at which the matching is available;
 - (d) where the execution price is calculated by using methods or tools that are different from the net asset value, the specific criteria on the basis of which the execution price is to be determined and the manner in which investors will be informed thereof;
 - (e) any exit or subscription fees, charges or costs related to the matching of transfer requests that are to be borne by exiting or potential investors;
 - (f) any notice period for receiving purchase or exit orders;
 - (g) by when, by whom, and how new investors will be informed that they have acquired the units or shares of the ELTIF, and when and how the exiting

investors will receive the corresponding amount for their units or shares of the ELTIF;

- (h) the rules that specify how and under which conditions matching is to be carried out on a pro rata basis.

Where an ELTIF provides for the possibility of redemptions during the life of the ELTIF, as referred to in Article 18(2) of Regulation (EU) 2015/760, the ELTIF manager shall inform investors about the differences between such redemptions and the matching referred to in Article 19(2a) of that Regulation, and in particular, about the frequency, periods, execution price and notice period for the matching.

2. The manager of the ELTIF shall keep the information referred to in paragraph 1 up to date.

ELTIF RTS – Recitals (11) to (15)

- (11) To ensure the liquidity in and transferability of units or shares of ELTIFs, the possibility to match transfer requests, as referred to in Article 19(2a) of Regulation (EU) 2015/760, should not be deemed to prohibit other forms of secondary transfers, provided that the policy for matching requests of the ELTIF does not prohibit such transfers and provided that such possibility is explicitly agreed between the transferring investors.
- (12) In relation to the possibility to match transfer requests, as referred to in Article 19(2a) of Regulation (EU) 2015/760, that for the purposes of this Regulation should not be considered a multilateral system, and in relation to the possibility of redemptions during the life of the ELTIF referred to in Article 18(2) of Regulation (EU) 2015/760, it is necessary to specify certain requirements pertaining to the functioning of the matching of transfer requests.
- (13) To reduce the likelihood of price arbitrage between the net asset value of the units or shares of ELTIFs traded on a secondary market and those matched through the matching of transfer requests, where the execution price is not based on the net asset value of the ELTIF, the execution price should be determined outside the valuation dates of the ELTIF.
- (14) Pursuant to Article 19(2a), point (b), of Regulation (EU) 2015/760, where there is a mismatch between exiting and potential investors, matching is to be carried out on a pro rata basis. To ensure the effective functioning of the matching of requests and the confidence of investors therein, investors should be offered the opportunity to restate their orders, leave their residual matching requests in place in anticipation of future matching, or withdraw their residual or outstanding matching interest.
- (15) In some Member States, the rules or instruments of incorporation typically determine the purpose of the company or the fund, its registered office, its general meetings, the powers of the board of directors and other details pertaining to the setup of the legal entity, but not the policies or procedures implemented by a third party, such as the AIFM managing the fund. Furthermore, inserting all those details in the rules or instruments of incorporation of an ELTIF in certain cases would not be possible, in particular in the case of umbrella funds with various diverging sub-funds.
- (16) Irrespective of how the ELTIF provides for the possibility of full or partial matching of requests, in the interest of a high level of investor protection, the policy for matching requests put in place by the manager of an ELTIF should contain certain information pertaining to the format, procedures, conditions and the timing of the matching.

ESMA shall submit the draft regulatory technical standards referred to in the first subparagraph to the Commission by 10 January 2024.

Power is delegated to the Commission to supplement this Regulation by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

Article 20

Issuance of new units or shares

1. An ELTIF may offer new issues of units or shares in accordance with its rules or instruments of incorporation.
2. An ELTIF shall not issue 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 in the ELTIF.

Article 21

Disposal of ELTIF assets

1. An ELTIF shall inform the competent authority of the ELTIF of ~~adopt an itemised schedule for~~ the orderly disposal of its assets in order to redeem investors' units or shares after the end of the life of the ELTIF, ~~and shall disclose this to the competent authority of the ELTIF~~ at the latest one year before the date of the end of the life of the ELTIF. Upon request of the competent authority of the ELTIF, the ELTIF shall submit to the competent authority of the ELTIF an itemised schedule for the orderly disposal of its assets.

Amending Regulation – Recital (34)

(34) At present, Regulation (EU) 2015/760 requires ELTIFs to adopt an itemised schedule for the orderly disposal of their assets to redeem investors' units or shares after the end of the life of the ELTIF. That Regulation also requires ELTIFs to disclose that itemised schedule to the competent authority of the ELTIF. Those requirements subject managers of ELTIFs to substantial administrative and compliance burdens, without bringing a corresponding increase in investor protection. In order to alleviate those burdens without diminishing investor protection, ELTIFs should inform the competent authority of the ELTIF about the orderly disposal of their assets in order to redeem investors' units or shares after the end of the life of the ELTIF, and only provide the competent authority of the ELTIF with an itemised schedule where they are expressly asked to do so by that competent authority.

2. The schedule referred to in paragraph 1 shall include:
 - (a) an assessment of the market for potential buyers;
 - (b) an assessment and comparison of potential sales prices;
 - (c) a valuation of the assets to be divested;

- (d) a time-frame for the disposal schedule.
3. ESMA shall develop draft regulatory technical standards specifying the criteria to be used for the assessments in point (a) and the valuation in point (c) of paragraph 2.

ELTIF RTS – Article 10

Criteria for the assessment of the market for potential buyers

For the purposes of Article 21(2), point (a), of Regulation (EU) 2015/760, the manager of an ELTIF shall assess all of the following elements for each asset in which the ELTIF invests:

- (a) whether one or more potential buyers are present in the market;
- (b) whether the manager of the ELTIF, based on an assessment conducted with due skill, care and diligence at the time of the completion of the itemised schedule referred to in Article 21(1) of Regulation (EU) 2015/760, expects potential buyers to be dependent on external financing for buying the asset concerned;
- (c) where there are no immediate buyers for an asset, the length of time likely to be necessary to find one or more buyers for that asset;
- (d) the specific maturity profile of the asset;
- (e) whether the manager of the ELTIF, based on an assessment conducted with due skill, care and diligence at the time of the completion of the itemised schedule referred to in Article 21(1) of Regulation (EU) 2015/760, expects the following risks to materialise:
 - (i) risks associated with legislative changes that could affect the market for potential buyers;
 - (ii) political risks that could affect the market for potential buyers;
- (f) whether the elements referred to in points (a) and (b) may be adversely impacted during the disposal period by overall economic conditions in the market or markets relevant to the asset.

ELTIF RTS – Recital (17)

- (17) It is necessary to ensure a high level of information on the potential market and its participants that could represent potential buyers of the disposed assets of the ELTIF, which can be illiquid and idiosyncratic. The assessment of the market for potential buyers referred to in Article 21(2), point (a), of Regulation (EU) 2015/760, should therefore take into account market risks, and thus assess, inter alia, whether potential buyers are dependent on obtaining loans from third parties, whether there is a risk of illiquidity of the assets before sale, whether there are risks associated with political changes or legislative changes, including fiscal reforms, and whether there is a risk of deterioration of the economic situation in the market which is relevant to the ELTIF assets.

ELTIF RTS – Article 11

Criteria for the valuation of the assets to be divested

1. For the purposes of Article 21(2), point (c), of Regulation (EU) 2015/760, the manager of an ELTIF shall start the valuation of the assets to be divested before the deadline referred to in Article 21(1) of Regulation (EU) 2015/760 and shall finalise that valuation within no more than 6 months before that deadline.
2. The manager of an ELTIF may take into account valuations made in accordance with Article 19 of Directive 2011/61/EU where such valuation has been finalised no more than 6 months before the deadline referred to in paragraph 1.

ELTIF RTS – Recital (18)

(18) Market events can materially change the valuation of the assets of the ELTIF and thus affect the interests of investors. The valuation of the assets to be divested referred to in Article 21(2), point (c), of Regulation (EU) 2015/760 should therefore be carried out at a point in time that is sufficiently close to the beginning of the disposal of the assets. To avoid undue burdens for the ELTIF and to ensure a cost-effective functioning of the ELTIF, which benefits all investors in an ELTIF, an ELTIF that has already valued those assets in accordance with Directive 2011/61/EU at a moment in time that is sufficiently close to the beginning of the disposal of those assets should not be required to revalue those assets.

ESMA shall submit those draft regulatory technical standards to the Commission by 9 September 2015.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

Article 22

Distribution of proceeds and capital

1. An ELTIF may regularly distribute to investors the proceeds generated by the assets contained in its portfolio. Those proceeds shall comprise:
 - (a) proceeds that the assets are regularly producing;
 - (b) capital appreciation realised after the disposal of an asset.
2. The proceeds shall not be distributed to the extent that they are required for future commitments of the ELTIF.
3. An ELTIF may reduce its capital on a pro rata basis in the event of a disposal of an asset ~~before the end of~~ during the life of the ELTIF, provided that such a disposal is duly considered by the manager of the ELTIF to be in the investors' interests ~~by the manager of the ELTIF~~.
4. The rules or instruments of incorporation of an ELTIF shall specify the distribution policy that the ELTIF will apply during its life.

CHAPTER IV

TRANSPARENCY REQUIREMENTS

Article 23

Transparency

1. The units or shares of an ELTIF shall not be marketed in the Union without prior publication of a prospectus.

The units or shares of an ELTIF shall not be marketed to retail investors in the Union without prior publication of a key information document in accordance with Regulation (EU) No 1286/2014.

2. The prospectus shall include all information necessary to enable investors to make an informed assessment regarding the investment proposed to them and, in particular, the risks attached thereto.

3. The prospectus shall contain at least the following:

- (a) a statement setting out how the ELTIF's investment objectives and strategy for achieving these objectives qualify the fund as long-term in nature;
- (b) information to be disclosed by collective investment undertakings of the closed-end type in accordance with ~~Directive 2003/71/EC and~~ Regulation (EU) No 809/2004 (EU) 2017/1129 of the European Parliament and of the Council³³;
- (c) information to be disclosed to investors pursuant to Article 23 of Directive 2011/61/EU, if it is not already covered under point(b) of this paragraph;
- (d) a prominent indication of the categories of assets in which the ELTIF is authorised to invest;
- (e) a prominent indication of the jurisdictions in which the ELTIF is allowed to invest;
- (f) any other information considered by the competent authorities to be relevant for the purposes of paragraph 2.

- 3a. The prospectus of the feeder ELTIF shall contain the following information:

- (a) a declaration that the feeder ELTIF is a feeder of a master ELTIF and as such permanently invests 85 % or more of its assets in units or shares of that master ELTIF;
- (b) the investment objective and policy of the feeder ELTIF, including the risk profile and whether the performance of the feeder ELTIF and the master ELTIF are identical, or to what extent and for which reasons they differ;
- (c) a brief description of the master ELTIF, its organisation, its investment objective and policy, including the risk profile, and an indication of how the prospectus of the master ELTIF can be obtained;

³³ Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (OJ L 168, 30.6.2017, p.12).

- (d) a summary of the agreement entered into between the feeder ELTIF and the master ELTIF or of the internal rules on the conduct of business referred to in Article 29(6);
- (e) how the unit- or shareholders may obtain further information on the master ELTIF and the agreement entered into between the feeder ELTIF and the master ELTIF referred to in Article 29(6);
- (f) a description of all remuneration or reimbursement of costs payable by the feeder ELTIF by virtue of its investment in units or shares of the master ELTIF, as well as of the aggregate charges of the feeder ELTIF and the master ELTIF

Amending Regulation – Recitals (35) to (37)

- (35) The prospectus of a feeder ELTIF can contain highly relevant information for investors, which enables them to better assess the potential risks and benefits of an investment. It is therefore appropriate to require that, in the case of a master-feeder structure, the prospectus of the feeder ELTIF should contain disclosures on the master-feeder structure, the feeder ELTIF and the master ELTIF, and a description of all remuneration or reimbursement of costs payable by the feeder ELTIF.
- (36) Adequate disclosure of fees and charges is critically important for the evaluation of an ELTIF as a potential investment target by investors. Such disclosure is also important where the ELTIF is marketed to retail investors in the case of master-feeder structures. It is therefore appropriate to require the manager of an ELTIF to include in the annual report of the feeder ELTIF a statement on the aggregate charges of the feeder ELTIF and the master ELTIF. Such requirement is expected to contribute to the protection of investors against being charged unjustified additional costs as a result of subscription and redemption fees potentially charged by the master ELTIF to the feeder ELTIF.
- (37) Regulation (EU) 2015/760 requires the manager of an ELTIF to disclose in the ELTIF prospectus information about fees related to investing in that ELTIF. Regulation (EU) No 1286/2014 of the European Parliament and of the Council³⁴, however, also contains requirements concerning the disclosure of fees. In order to increase transparency on fee structures, the requirement laid down in Regulation (EU) 2015/760 should be aligned with the requirement laid down in Regulation (EU) No 1286/2014.

4. The prospectus and any other marketing documents shall prominently inform investors about the illiquid nature of the ELTIF.

In particular, the prospectus and any other marketing documents shall clearly:

- (a) inform investors about the long-term nature of the ELTIF's investments;
- (b) inform investors about the end of the life of the ELTIF as well as the option to extend the life of the ELTIF, where this is provided for, and the conditions thereof;

³⁴ Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) (OJ L 352, 9.12.2014, p. 1).

- (c) state whether the ELTIF is intended to be marketed to retail investors;
 - (d) explain the rights of investors to redeem their investment in accordance with Article 18 and with the rules or instruments of incorporation of the ELTIF;
 - (e) state the frequency and the timing of distributions of proceeds, if any, to investors during the life of the ELTIF;
 - (f) advise investors that only a small proportion of their overall investment portfolio should be invested in an ELTIF;
 - (g) describe the hedging policy of the ELTIF, including a prominent indication that financial derivative instruments may be used only for the purpose of hedging risks inherent to other investments of the ELTIF, and an indication of the possible impact of the use of financial derivative instruments on the risk profile of the ELTIF;
 - (h) inform investors about the risks related to investing in real assets, including infrastructure;
 - (i) inform investors regularly, at least once a year, of the jurisdictions in which the ELTIF has invested.
5. In addition to the information required under Article 22 of Directive 2011/61/EU, the annual report of an ELTIF shall contain the following:
- (a) a cash flow statement;
 - (b) information on any participation in instruments involving Union budgetary funds;
 - (c) information on the value of the individual qualifying portfolio undertakings and the value of other assets in which the ELTIF has invested, including the value of financial derivative instruments used;
 - (d) information on the jurisdictions in which the assets of the ELTIF are located.

Where the ELTIF is marketed to retail investors, the manager of the ELTIF shall include in the annual report of the feeder ELTIF a statement on the aggregate charges of the feeder ELTIF and the master ELTIF. The annual report of the feeder ELTIF shall indicate how the annual report of the master ELTIF can be obtained.

6. Upon the request of a retail investor, the manager of the ELTIF shall provide additional information relating to the quantitative limits that apply to the risk management of the ELTIF, the methods chosen to that end, and the recent evolution of the main risks and yields of the categories of assets.

Article 24

Additional requirements of the prospectus

1. An ELTIF shall send its prospectus and any amendments thereto, as well as its annual report, to the competent authorities of the ELTIF. Upon request, an ELTIF shall provide this documentation to the competent authority of the manager of the ELTIF. This documentation shall be provided by the ELTIF within the time period specified by these competent authorities.

2. The rules or instruments of incorporation of an ELTIF shall form an integral part of the prospectus and shall be annexed thereto.
The documents referred to in the first subparagraph shall not be required to be annexed to the prospectus where the investor is informed that, upon request, the investor shall be sent those documents or be apprised of the place where, in each Member State in which the units or shares are marketed, the investor may consult them.

3. The prospectus shall specify the manner in which the annual report shall be available to investors. It shall provide that a paper copy of the annual report shall be delivered to retail investors upon request and free of charge.

4. The prospectus and the latest published annual report shall be provided to investors upon request and free of charge.

The prospectus may be provided in a durable medium or by means of a website. A paper copy shall be delivered to retail investors upon request and free of charge.

5. The essential elements of the prospectus shall be kept up to date.

Article 25

Cost disclosure

1. The prospectus shall prominently inform investors of the level of the different costs borne directly or indirectly by the investors. The different costs shall be grouped according to the following headings:

- (a) costs of setting up the ELTIF;
- (b) costs related to the acquisition of assets;
- (c) management and performance related fees;
- (d) distribution costs;
- (e) other costs, including administrative, regulatory, depositary, custodial, professional service and audit costs.

2. The prospectus shall disclose an overall cost ratio ~~of the costs to the capital~~ of the ELTIF.

3. ESMA shall develop draft regulatory technical standards to specify the common definitions, calculation methodologies and presentation formats of the costs referred to in paragraph 1 and the overall ratio referred to in paragraph 2.

When developing these draft regulatory technical standards, ESMA shall take into account the regulatory technical standards referred to in points (a) and (c) of Article 8(5) of Regulation (EU) No 1286/2014.

ELTIF RTS – Article 12

Common definitions, and calculation methodologies and presentation formats of costs

1. The costs of setting up the ELTIF as referred to in Article 25(1), point (a), of Regulation (EU) 2015/760 shall comprise all administrative, regulatory, depositary, custodial, professional service, audit costs and other costs related to the setting up of the ELTIF,

irrespective of whether those costs are paid to the manager of the ELTIF or to a third party.

2. The costs related to the acquisition of assets as referred to in Article 25(1), point (b), of Regulation (EU) 2015/760 shall comprise all administrative, regulatory, depositary, custodial, professional service, audit costs, and other costs related to the acquisition of the assets of the ELTIF, irrespective of whether those costs are paid to the manager of the ELTIF or to a third party.
3. The management and performance related fees referred to in Article 25(1), point (c), of Regulation (EU) 2015/760 shall comprise all payments to the manager of the ELTIF, including payments to any person to whom the corresponding function has been delegated, except any fees that are related to the acquisition of the assets referred to in paragraph 2 of this Article.
4. The distribution costs referred to in Article 25(1), point (d), of Regulation (EU) 2015/760 shall comprise all administrative, regulatory, professional service and audit costs related to distribution.
5. Other costs, as referred to in Article 25(1), point (e), of Regulation (EU) 2015/760, shall comprise all of the following items if those costs are not classified under paragraphs 1 to 4 of this Article:
 - (a) payments to the following persons or entities, including any person to whom those persons or entities have delegated any function;
 - (i) the depositary;
 - (ii) the custodians;
 - (iii) any investment adviser;
 - (iv) providers of valuation, fund accounting services, and fund administration;
 - (v) providers of property management and of similar services;
 - (vi) other providers that trigger transaction costs;
 - (vii) prime-brokerage service providers;
 - (viii) providers of collateral management services;
 - (ix) securities lending agents;
 - (x) legal and professional advisers;
 - (b) provisioned fees for specific treatment of gains and losses;
 - (c) operating costs under a fee-sharing arrangement with a third party;
 - (d) audit, registration and regulatory fees.

The costs referred to in the first subparagraph shall not include the costs related to the setting up of the ELTIF referred to in paragraph 1, the up-front part of the costs related to the acquisition of assets referred to in paragraph 2, the up-front part of the distribution costs referred to in paragraph 4 and the management and performance related fees referred to in paragraph 3.

6. The costs referred to in paragraph 5 shall be expressed as a percentage of the net asset value of the ELTIF over a one-year period.

7. The overall cost ratio of the ELTIF referred to in Article 25(2) of Regulation (EU) 2015/760 shall be the ratio of the total costs to the net asset value per annum of the ELTIF and shall be calculated as follows:
- (a) the overall cost ratio of the ELTIF shall be expressed as a percentage to two decimal places;
 - (b) the overall cost ratio of the ELTIF shall be based on the most recent cost calculations by the manager of the ELTIF and they shall be calculated and updated on an annual basis;
 - (c) the costs shall be assessed on an 'all taxes included' basis.

ELTIF RTS- Recital (19)

- (19) To ensure a common approach in relation to the disclosure of the costs of investing into an ELTIF, such disclosure of costs should encompass all costs borne directly or indirectly by investors. It is necessary to specify that the distribution costs should comprise all administrative, regulatory, professional service, and audit costs that are related to distribution, and to provide for common definitions, calculation methodologies and presentation formats of those costs.

ESMA shall submit those draft regulatory technical standards to the Commission by 9 September 2015.

Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.

CHAPTER V

MARKETING OF UNITS OR SHARES OF ELTIFs

Article 26

(Deleted)

Facilities available to investors

- ~~1. The manager of an ELTIF the units or shares of which are intended to be marketed to retail investors shall, in each Member State where it intends to market such units or shares, put in place facilities available for making subscriptions, making payments to unit or shareholders, repurchasing or redeeming units or shares and making available the information which the ELTIF and the manager of the ELTIF are required to provide.~~
- ~~2. ESMA shall develop draft regulatory technical standards to specify the types and characteristics of the facilities referred to in paragraph 1, their technical infrastructure and the content of their tasks in respect of the retail investors.~~

~~ESMA shall submit those draft regulatory technical standards to the Commission by 9 September 2015.~~

~~Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.~~

Amending Regulation – Recital (38)

- (38) At present, Regulation (EU) 2015/760 requires managers of ELTIFs to set up local facilities in each Member State where they intend to market ELTIFs. While the requirements to perform certain tasks for investors across all Member States remain in place, the requirement to set up local facilities has, however, subsequently been removed by Directive (EU) 2019/1160 of the European Parliament and of the Council³⁵ as regards UCITS and alternative investment funds marketed to retail investors, since such local facilities create additional costs and friction in respect of the cross-border marketing of ELTIFs. In addition, the preferred method of contact with investors has shifted from physical meetings at local facilities to direct interaction between fund managers or distributors and investors by electronic means. Removing that requirement from Regulation (EU) 2015/760 for all ELTIF investors would hence be consistent with Directive (EU) 2019/1160 and the contemporary methods of marketing of financial products, and could promote the attractiveness of ELTIFs for asset managers, who would no longer be required to incur costs stemming from the operation of local facilities. That requirement should therefore be removed.

Article 27

Internal assessment process for ELTIFs that can be marketed to retail investors

1. The manager of an ELTIF, the units or shares of which are intended to be marketed to retail investors, shall ~~establish and apply a specific internal process for the assessment of that ELTIF~~

³⁵ Directive (EU) 2019/1160 of the European Parliament and of the Council of 20 June 2019 amending Directives 2009/65/EC and 2011/61/EU with regard to cross-border distribution of collective investment undertakings (OJ L 188, 12.7.2019, p. 106).

~~before it is marketed or distributed to retail investors~~ be subject to the requirements laid down in Article 16(3), second to fifth and seventh subparagraphs, of Directive 2014/65/EU and in Article 24(2) of that Directive.

Amending Regulation – Recital (39)

(39) Since units and shares of ELTIFs are financial instruments, the product governance rules of Directive 2014/65/EU of the European Parliament and of the Council³⁶ apply where ELTIFs are marketed with the provision of investment services. However, an ELTIF's units or shares can also be purchased without the provision of investment services. To cover those cases, Regulation (EU) 2015/760 at present requires managers of ELTIFs to develop an internal assessment process for ELTIFs marketed to retail investors. The current regime is inspired by the product governance rules of Directive 2014/65/EU but contains several differences that are not justified and could reduce investor protection. It should therefore be specified that the product governance rules laid down in Directive 2014/65/EU apply. The references to Directive 2014/65/EU are to be understood as entailing the application of the delegated acts supplementing that Directive.

~~1. As part of the internal process referred to in paragraph 1, the manager of the ELTIF shall assess whether the ELTIF is suitable for marketing to retail investors, taking into account at least:~~

~~(a) the life of the ELTIF; and~~

~~(b) the intended investment strategy of the ELTIF.~~

~~2. The manager of the ELTIF shall make available to any distributor all appropriate information on an ELTIF that is marketed to retail investors, including all information regarding its life and investment strategy, as well as the internal assessment process and the jurisdictions in which the ELTIF is allowed to invest.~~

Article 28

(deleted)

Specific requirements concerning the distribution of ELTIFs to retail investors

Amending Regulation – Recital (40)

(40) At present, Regulation (EU) 2015/760 requires distributors or managers of ELTIFs to carry out a suitability assessment in respect of retail investors. However, that requirement is already provided for in Article 25 of Directive 2014/65/EU. Having a duplicate requirement creates an additional layer of administrative burden leading to higher costs for retail investors and is a strong disincentive for managers of ELTIFs to offer new ELTIFs to retail investors. It is therefore necessary to remove that duplicate requirement from Regulation (EU) 2015/760.

~~1. When directly offering or placing units or shares of an ELTIF to a retail investor, the manager of the ELTIF shall obtain information regarding the following:~~

³⁶ Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (OJ L 173, 12.6.2014, p. 349).

- ~~(a) the retail investor's knowledge and experience in the investment field relevant to the ELTIF;~~
- ~~(b) the retail investor's financial situation, including that investor's ability to bear losses;~~
- ~~(c) the retail investor's investment objectives, including that investor's time horizon.~~

~~Based on the information obtained under the first subparagraph, the manager of the ELTIF shall recommend the ELTIF only if it is suitable for that particular retail investor.~~

- ~~2. Where the life of an ELTIF that is offered or placed to retail investors exceeds 10 years, the manager of the ELTIF or the distributor shall issue a clear written alert that the ELTIF product may not be suitable for retail investors that are unable to sustain such a long term and illiquid commitment.~~

Article 29

Specific provisions concerning the depositary of an ELTIF marketed to retail investors

1. By way of derogation from Article 21(3) of Directive 2011/61/EU, the depositary of an ELTIF marketed to retail investors shall be an entity of the type referred to in Article 23(2) of Directive 2009/65/EC.
2. By way of derogation from the second subparagraph of Article 21(13) and Article 21(14) of Directive 2011/61/EU, the depositary of an ELTIF marketed to retail investors shall not be able to discharge itself of liability in the event of a loss of financial instruments held in custody by a third party.
3. The liability of the depositary referred to in Article 21(12) of Directive 2011/61/EU shall not be excluded or limited by agreement where the ELTIF is marketed to retail investors.
4. Any agreement that contravenes paragraph 3 shall be void.
5. The assets held in custody by the depositary of an ELTIF shall not be reused by the depositary, or by any third party to whom the custody function has been delegated, for their own account. Reuse comprises any transaction involving assets held in custody including, but not limited to, transferring, pledging, selling and lending.

The assets held in custody by the depositary of an ELTIF are only allowed to be reused provided that:

- (a) the reuse of the assets is executed for the account of the ELTIF;
- (b) the depositary is carrying out the instructions of the manager of the ELTIF on behalf of the ELTIF;
- (c) the reuse is for the benefit of the ELTIF and in the interests of the unit- or shareholders; and
- (d) the transaction is covered by high quality and liquid collateral received by the ELTIF under a title transfer arrangement.

The market value of the collateral referred to in point (d) of the second subparagraph shall at all times amount to at least the market value of the reused assets plus a premium.

6. In the case of a master-feeder structure, the master ELTIF shall provide the feeder ELTIF with all documents and information necessary for the latter to meet the requirements of this Regulation. For that purpose, the feeder ELTIF shall enter into an agreement with the master ELTIF.

The agreement referred to in the first subparagraph shall be made available, on request and free of charge, to all unit- or shareholders. In the event that both the master ELTIF and feeder ELTIF are managed by the same manager of the ELTIF, the agreement may be replaced by internal rules on the conduct of business ensuring compliance with the requirements of this paragraph.

7. Where the master and the feeder ELTIF have different depositaries, those depositaries shall enter into an information-sharing agreement in order to ensure the fulfilment of the duties of both depositaries. The feeder ELTIF shall not invest in units or shares of the master ELTIF until such agreement has become effective.

Where they comply with the requirements of this paragraph, neither the depositary of the master ELTIF nor that of the feeder ELTIF shall be found to infringe any rules that restrict the disclosure of information or relate to data protection where such rules are provided for in a contract or in a law, regulation or administrative provision. Such compliance shall not give rise to any liability on the part of such depositary or any person acting on its behalf.

The feeder ELTIF or, where applicable, the manager of the feeder ELTIF, shall be in charge of communicating to the depositary of the feeder ELTIF any information about the master ELTIF that is required for the completion of the duties of the depositary of the feeder ELTIF. The depositary of the master ELTIF shall immediately inform the competent authorities of the master ELTIF home Member State of the master ELTIF, of the feeder ELTIF or, where applicable, of the manager and of the depositary of the feeder ELTIF, of any irregularities it detects with regard to the master ELTIF which are deemed to have a negative impact on the feeder ELTIF.

Article 30

Additional Specific requirements concerning the distribution and ~~for~~ marketing of ELTIFs to retail investors

1. The units or shares of an ELTIF may only be marketed to a retail investor ~~s~~ where an assessment of suitability has been carried out in accordance with Article 25(2) of Directive 2014/65/EU and a statement on suitability has been provided to that retail investor in accordance with Article 25(6), second and third subparagraphs, of that Directive ~~on the condition that retail investors are provided with appropriate investment advice from the manager of the ELTIF or the distributor.~~

The assessment of suitability referred to in the first subparagraph of this paragraph shall be carried out irrespective of whether the units or shares of the ELTIF are acquired by the retail investor from the distributor or the manager of the ELTIF, or via the secondary market in accordance with Article 19 of this Regulation.

The express consent of the retail investor indicating that the investor understands the risks of investing in an ELTIF shall be obtained where all following conditions are met:

- (a) the assessment of suitability is not provided in the context of investment advice;
- (b) the ELTIF is considered not suitable for the retail investor on the basis of the assessment of suitability carried out pursuant to the first subparagraph; and
- (c) the retail investor wishes to proceed with the transaction despite the fact that the ELTIF is considered not suitable for that investor.

The distributor or, when directly offering or placing units or shares of an ELTIF to a retail investor, the manager of the ELTIF shall establish a record as referred to in Article 25(5) of Directive 2014/65/EU.

Amending Regulation – Recitals (41) to (43)

- (41) In order to ensure a high level of protection of retail investors, a suitability assessment should be carried out irrespective of whether the units or shares of ELTIFs are acquired by retail investors from distributors or managers of ELTIFs or via the secondary market. In accordance with Article 25(2) of Directive 2014/65/EU, the suitability assessment should comprise information on the expected duration and purpose of the investment and the retail investor's risk tolerance, as part of the information on the retail investor's investment objectives and financial situation, including their ability to bear losses. The results of the assessment should be communicated to the retail investors in the form of a statement on suitability, in accordance with Article 25(6) of Directive 2014/65/EU.
- (42) In addition, in cases where the result of the suitability assessment is that an ELTIF is not suitable for a retail investor and such investor nevertheless wishes to proceed with the transaction, the express consent of that retail investor should be obtained before the distributor or manager of the ELTIF proceeds with the transaction.
- (43) Regulation (EU) 2015/760 also requires distributors or managers of ELTIFs to provide appropriate investment advice when marketing ELTIFs to retail investors. The lack of precision in Regulation (EU) 2015/760 as to what constitutes appropriate investment advice and the lack of a cross-reference to the definition of investment advice in Directive 2014/65/EU have led to a lack of legal certainty and confusion among distributors and managers of ELTIFs. In addition, the obligation to provide investment advice requires external distributors to be authorised under Directive 2014/65/EU when marketing ELTIFs to retail investors. That creates unnecessary impediments to the marketing of ELTIFs to such investors and also subjects ELTIFs to stricter requirements than those for the distribution of other complex financial products, including the requirements for securitisations laid down in Regulation (EU) 2017/2402 and for subordinated eligible liabilities laid down in Directive 2014/59/EU of the European Parliament and of the Council³⁷. It is therefore not necessary to require distributors and managers of ELTIFs to provide retail investors with such investment advice. Moreover, given the importance of having a level playing field among financial products when such products are marketed to end investors, and of ensuring that this Regulation contains, amongst others, effective investor protection safeguards, ELTIFs should not be subject to unnecessary administrative and regulatory burden.
- (44) To ensure effective supervision of the application of the requirements related to the marketing of ELTIFs to retail investors, the distributor or, when directly offering or placing units or shares of an ELTIF to a retail investor, the manager of the ELTIF should be subject to the record-keeping rules of Directive 2014/65/EU.

³⁷ Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and amending Council Directive 82/891/EEC, and Directives 2001/24/EC, 2002/47/EC, 2004/25/EC, 2005/56/EC, 2007/36/EC, 2011/35/EU, 2012/30/EU and 2013/36/EU, and Regulations (EU) No 1093/2010 and (EU) No 648/2012 of the European Parliament and of the Council (OJ L 173, 12.6.2014, p. 190).

(45) In the event that the marketing or placing of ELTIFs to retail investors is done through a distributor, such distributor should comply with the applicable requirements of Directive 2014/65/EU and Regulation (EU) No 600/2014 of the European Parliament and of the Council³⁸. In order to ensure legal certainty and avoid duplication, where a retail investor has been provided with investment advice under Directive 2014/65/EU, the requirement to provide a suitability assessment should be considered to be fulfilled.

2. The distributor or, when directly offering or placing units or shares of an ELTIF to a retail investor, the manager of the ELTIF shall issue a clear written alert informing the retail investor about the following:
 - (a) where the life of an ELTIF that is offered or placed to retail investors exceeds 10 years, that the ELTIF product might not be fit for retail investors that are unable to sustain such a long-term and illiquid commitment;
 - (b) where the rules or instruments of incorporation of an ELTIF provide for the possibility of the matching of units or shares of the ELTIF as referred to in Article 19(2a), that the availability of such a possibility does not guarantee or entitle the retail investor to exit or redeem its units or shares of the ELTIF concerned.

~~A manager of an ELTIF may directly offer or place units or shares of the ELTIF to retail investors only if that manager is authorised to provide the services referred to in points (a) and (b)(i) of Article 6(4) of Directive 2011/61/EU and only after that manager has performed the suitability test referred to in Article 28(1) of this Regulation.~~

3. Paragraphs 1 and 2 shall not apply where the retail investor is a member of senior staff, or a portfolio manager, director, officer, or an agent or employee of the manager of the ELTIF, or of an affiliate of the manager of the ELTIF, and has sufficient knowledge about the ELTIF~~Where the financial instrument portfolio of a potential retail investor does not exceed EUR 500 000, the manager of the ELTIF or any distributor, after having performed the suitability test referred to in Article 28(1) and having provided appropriate investment advice, shall ensure, on the basis of the information submitted by the potential retail investor, that the potential retail investor does not invest an aggregate amount exceeding 10 % of that investor's financial instrument portfolio in ELTIFs and that the initial minimum amount invested in one or more ELTIFs is EUR 10 000.~~
4. ~~The potential retail investor shall be responsible for providing the manager of the ELTIF or the distributor with accurate information on the potential retail investor's financial instrument portfolio and investments in ELTIFs as referred to in the first subparagraph.~~

~~For the purpose of this paragraph, a financial instrument portfolio shall be understood to include cash deposits and financial instruments, but shall exclude any financial instruments that have been given as collateral.~~

Amending Regulation – Recitals (46) and (47)

(46) It is established market practice that the portfolio managers and senior staff of the manager of an ELTIF are required or expected to invest in ELTIFs managed by that same manager of the

³⁸ Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84).

ELTIF. Such persons are presumed to be financially sophisticated and well-informed about the ELTIF, meaning that it would be superfluous to require them to undergo a suitability assessment for investments in the ELTIF. It is therefore appropriate not to require distributors or managers of ELTIFs to carry out a suitability assessment for such individuals.

- (47) At present, for potential retail investors whose financial instrument portfolio does not exceed EUR 500 000, Regulation (EU) 2015/760 requires an initial minimum investment in one or more ELTIFs of EUR 10 000 and requires that such investors do not invest an aggregate amount exceeding 10 % of their financial instrument portfolio in ELTIFs. When applied together, the EUR 10 000 initial minimum investment and the 10 % limit on aggregate investment create a significant obstacle to investments in ELTIFs for retail investors, which conflicts with the goal of ELTIFs to establish a retail alternative investment fund product. It is therefore necessary to remove the EUR 10 000 initial minimum investment requirement and the 10 % limit on aggregate investment.

4. A feeder ELTIF shall disclose in its marketing communications that it permanently invests 85 % or more of its assets in units or shares of the master ELTIF.
5. The rules or instruments of incorporation of an ELTIF marketed to retail investors in the relevant class of units or shares shall provide that all investors benefit from equal treatment and that no preferential treatment or specific economic benefits ~~are~~ is granted to individual investors or groups of investors within the relevant class or classes.

Amending Regulation – Recital (48)

- (48) At present, Regulation (EU) 2015/760 requires investors to be treated equally and prohibits preferential treatment of individual investors or groups of investors, or the granting of specific economic benefits to those investors. ELTIFs can, however, have several classes of units or shares with slightly or substantially distinct conditions as regards the fees, legal structure, marketing rules and other requirements. In order to take those differences into account, those requirements should only apply to individual investors or groups of investors that invest in the same class or classes of ELTIFs.

6. The legal form of an ELTIF marketed to retail investors shall not lead to any further liability for the retail investor or require any additional commitments on behalf of such an investor, apart from the original capital commitment.
7. Retail investors shall be able, during the subscription period and ~~at least~~ during a period of two weeks after the ~~signature~~ date of the initial commitment or subscription agreement of the ~~to~~ units or shares of the ELTIF, to cancel their subscription and have the money returned without penalty.
8. The manager of an ELTIF marketed to retail investors shall establish appropriate procedures and arrangements to deal with retail investor complaints, which shall allow retail investors to file complaints in the official language or one of the official languages of their Member State.

Article 31

Marketing of units or shares of ELTIFs

1. The manager of an ELTIF shall be able to market the units or shares of that ELTIF to professional and retail investors in its home Member State upon notification in accordance with Article 31 of Directive 2011/61/EU.
2. The manager of an ELTIF shall be able to market the units or shares of that ELTIF to professional and retail investors in Member States other than in the home Member State of the manager of the ELTIF upon notification in accordance with Article 32 of Directive 2011/61/EU.
3. The manager of an ELTIF shall, in respect of each ELTIF that it manages, specify to competent authorities whether or not it intends to market the ELTIF to retail investors.
4. In addition to the documentation and information required pursuant to Articles 31 and 32 of Directive 2011/61/EU, the manager of the ELTIF shall provide competent authorities with the following:
 - (a) the prospectus of the ELTIF; and
 - (b) the key information document of the ELTIF in the event that it is marketed to retail investors; ~~and~~
 - ~~(c) information on the facilities referred to in Article 26.~~
5. The competences and powers of the competent authorities pursuant to Articles 31 and 32 of Directive 2011/61/EU shall be understood to refer also to the marketing of ELTIFs to retail investors and to cover the additional requirements laid down in this Regulation.
6. In addition to its powers set out in the first subparagraph of Article 31(3) of Directive 2011/61/EU, the competent authority of the home Member State of the manager of the ELTIF shall also prevent the marketing of an ELTIF if the manager of the ELTIF does not or will not comply with this Regulation.
7. In addition to its powers set out in the first subparagraph of Article 32(3) of Directive 2011/61/EU, the competent authority of the home Member State of the manager of the ELTIF shall also refuse the transmission of a complete notification file to the competent authorities of the Member State where the ELTIF is intended to be marketed if the manager of the ELTIF does not comply with this Regulation.

CHAPTER VI

SUPERVISION

Article 32

Supervision by the competent authorities

1. The competent authorities shall supervise compliance with this Regulation on an ongoing basis.
2. The competent authority of the ELTIF shall be responsible for supervising compliance with the rules laid down in Chapters II, III and IV.
3. The competent authority of the ELTIF shall be responsible for supervising compliance with the obligations set out in the rules or instruments of incorporation of the ELTIF, and the obligations set out in the prospectus, which shall comply with this Regulation.
4. The competent authority of the manager of the ELTIF shall be responsible for supervising the adequacy of the arrangements and organisation of the manager of the ELTIF so that the manager of the ELTIF is in a position to comply with the obligations and rules which relate to the constitution and functioning of all the ELTIFs that it manages.

The competent authority of the manager of the ELTIF shall be responsible for supervising compliance of the manager of the ELTIF with this Regulation.

5. Competent authorities shall monitor collective investment undertakings established or marketed in their territories to verify that they do not use the designation 'ELTIF' or suggest that they are an ELTIF unless they are authorised under, and comply with, this Regulation.

Article 33

Powers of competent authorities

1. Competent authorities shall have all supervisory and investigatory powers that are necessary for the exercise of their functions pursuant to this Regulation.
2. The powers conferred on competent authorities in accordance with Directive 2011/61/EU, including those related to penalties, shall also be exercised with respect to this Regulation.
3. The competent authority of the ELTIF shall prohibit the use of the designation 'ELTIF' or 'European long-term investment fund' in the event that the manager of the ELTIF no longer complies with this Regulation.

Article 34

Powers and competences of ESMA

1. ESMA shall have the powers necessary to carry out the tasks attributed to it by this Regulation.
2. ESMA's powers in accordance with Directive 2011/61/EU shall also be exercised with respect to this Regulation and in compliance with Regulation ~~(EC) No 45/2001~~ (EU) 2018/1725 of the European Parliament and of the Council³⁹.

³⁹ Regulation (EU) 2018/1725 of the European Parliament and of the Council of 23 October 2018 on the protection of natural persons with regard to the processing of personal data by the Union institutions, bodies, offices and agencies and on the

3. For the purposes of Regulation (EU) No 1095/2010, this Regulation shall be understood as a further legally binding Union act which confers tasks on ESMA as referred to in Article 1(2) of Regulation (EU) No 1095/2010.

Article 35

Cooperation between competent authorities

1. The competent authority of the ELTIF and the competent authority of the manager of the ELTIF, if different, shall cooperate with each other and exchange information for the purpose of carrying out their duties under this Regulation.
2. Competent authorities shall cooperate with each other in accordance with Directive 2011/61/EU.
3. Competent authorities and ESMA shall cooperate with each other for the purpose of carrying out their respective duties under this Regulation in accordance with Regulation (EU) No 1095/2010.
4. Competent authorities and ESMA shall exchange all information and documentation necessary to carry out their respective duties under this Regulation in accordance with Regulation (EU) No 1095/2010, in particular to identify and remedy infringements of this Regulation.

free movement of such data, and repealing Regulation (EC) No 45/2001 and Decision No 1247/2002/EC (OJ L 295, 21.11.2018, p. 39).

CHAPTER VII

FINAL PROVISIONS

Article 36

Processing of applications by the Commission

The Commission shall prioritise and streamline its processes for all applications by ELTIFs for financing from the EIB. The Commission shall streamline the delivery of any opinions or contributions on any applications by ELTIFs for financing from the EIB.

Article 37

Review

1. ~~No later than 9 June 2019, t~~The Commission shall ~~start a~~ review of the application of this Regulation. ~~The review~~ and shall analyse, ~~in particular~~ at least the following elements:
 - (a) the extent to which ELTIFs are marketed in the Union, including whether the AIFMs referred to in Article 3(2) of Directive 2011/61/EU might have an interest in marketing ELTIFs;
 - ~~(a) — impact of Article 18;~~
 - (b) ~~the impact on asset diversification of~~ the application of provisions on the authorisation of ELTIFs, as set out in Articles 3 to 6; ~~the minimum threshold of 70 % of eligible investment assets laid down in Article 13(1);~~
 - (c) whether the provisions on the central public register of ELTIFs as laid down in Article 3 should be updated~~the extent to which ELTIFs are marketed in the Union, including whether AIFMs falling under Article 3(2) of Directive 2011/61/EU might have an interest in marketing ELTIFs;~~
 - (d) whether the list of eligible assets and investments, the portfolio composition and diversification requirements, the concentration rules and the limits regarding the borrowing of cash should be updated;
 - (e) the impact of the application of the investment limit for eligible investment assets laid down in Article 13(1) on asset diversification~~the extent to which the list of eligible assets and investments should be updated, as well as the diversification rules, portfolio composition and limits regarding the borrowing of cash.~~
 - (f) whether the provisions concerning conflicts of interest as laid down in Article 12 should be updated;
 - (g) the application of Article 18 and the impact of that application on the redemption policy and the life of ELTIFs;
 - (h) whether the transparency requirements laid down in Chapter IV are appropriate;
 - (i) whether the provisions concerning the marketing of units or shares of ELTIFs laid down in Chapter V are appropriate and ensure an effective protection of investors, including retail investors;

- (j) whether ELTIFs have made a significant contribution to achieving Union objectives such as those set out in the European Green Deal and in other priority areas.
2. ~~Following~~ Based on the review referred to in paragraph 1 of this Article, ~~and after consulting ESMA~~, the Commission shall by 10 April 2030, and after consulting ESMA, submit to the European Parliament and to the Council a report assessing the contribution of this Regulation and of ELTIFs to the completion of the ~~c~~Capital ~~m~~Markets ~~u~~Union and to the achievement of the objectives set out in Article 1(2). The report shall be accompanied, where appropriate, by a legislative proposal.

Article 37(a)

Review of sustainability aspects of ELTIFs

By 11 January 2026, the Commission shall carry out an assessment and submit a report to the European Parliament and to the Council, accompanied, where appropriate, by a legislative proposal, regarding at least the following:

- (a) whether the creation of an optional designation of “ELTIF marketed as environmentally sustainable” or “green ELTIF” is feasible, and in particular:
 - (i) whether such designation should be reserved to ELTIFs that are financial products having sustainable investment as their objective as referred to in Article 9 of Regulation (EU) 2019/2088 of the European Parliament and of the Council⁴⁰;
 - (ii) whether such designation should be reserved to ELTIFs that invest all or a significant part of their eligible assets or total assets into sustainable activities and, if so, how the significant part is to be defined;
 - (iii) whether sustainable activities can be linked to the sustainability criteria set out in the delegated acts adopted pursuant to Articles 10(3), 11(3), 12(2), 13(2), 14(2) and 15(2) of Regulation (EU) 2020/852 of the European Parliament and of the Council⁴¹;
- (b) whether there should be a general obligation for ELTIFs to comply in their investment decisions with the principle of “do no significant harm” within the meaning of Article 2a of Regulation (EU) 2019/2088, or whether that obligation should be limited to ELTIFs marketed as environmentally sustainable or green ELTIFs, in the eventuality that such an optional designation is considered feasible;
- (c) whether there is any potential to improve the framework for ELTIFs by contributing more significantly to the objectives of the European Green Deal without undermining the nature of ELTIFs.

Article 38

Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

It shall apply from 9 December 2015.

⁴⁰ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (OJ L 317, 9.12.2019, p. 1)

⁴¹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

Entry into force and application of the Amending Regulation

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

It shall apply from 10 January 2024.

ELTIFs authorised in accordance with and complying with the provisions of Regulation (EU) 2015/760 applicable before 10 January 2024 shall be deemed to comply with this Regulation until 11 January 2029. ELTIFs authorised in accordance with and complying with the provisions of Regulation (EU) 2015/760 applicable before 10 January 2024, which do not raise additional capital, shall be deemed to comply with this Regulation.

Notwithstanding the first subparagraph, an ELTIF authorised before 10 January 2024 may choose to be subject to the provisions set out in this Regulation, provided that the competent authority of the ELTIF is notified thereof.

Amending Regulation – Recitals (49) and (50)

- (49) In order to give managers of ELTIFs sufficient time to adapt to the requirements of this Regulation, including the requirements pertaining to the marketing of ELTIFs to investors, this Regulation should start to apply nine months after its entry into force.
- (50) Due to the potentially illiquid nature of eligible assets and the long-term orientation of ELTIFs, ELTIFs can experience difficulties in complying with any changes to the fund rules and regulatory requirements introduced during their life-cycle, without affecting the trust and confidence of their investors. It is therefore necessary to provide for transitional rules in respect of those ELTIFs that were authorised before the entry into application of this Regulation. However, such ELTIFs should also be able to choose to be subject to this Regulation provided that the competent authority of the ELTIF is notified accordingly.

ELTIF RTS – Recital (20)

- (20) Pursuant to Article 2, fourth subparagraph, of Regulation (EU) 2023/606 of the European Parliament and of the Council⁴², ELTIFs authorised before 10 January 2024 may choose to be subject to that Regulation. Accordingly, ELTIFs that do not choose to be subject to Regulation (EU) 2023/606 should remain subject to Commission Delegated Regulation (EU) 2018/480⁴³.

⁴² Regulation (EU) 2023/606 of the European Parliament and of the Council of 15 March 2023 amending Regulation (EU) 2015/760 as regards the requirements pertaining to the investment policies and operating conditions of European long-term investment funds and the scope of eligible investment assets, the portfolio composition and diversification requirements and the borrowing of cash and other fund rules (OJ L 80, 20.3.2023, p. 1, ELI: <http://data.europa.eu/eli/reg/2023/606/oj>).

⁴³ Commission Delegated Regulation (EU) 2018/480 of 4 December 2017 supplementing Regulation (EU) 2015/760 of the European Parliament and of the Council with regard to regulatory technical standards on financial derivative instruments solely serving hedging purposes, sufficient length of the life of the European long-term investment funds, assessment criteria for the market for potential buyers and valuation of the assets to be divested, and the types and characteristics of the facilities available to retail investors (OJ L 81, 23.3.2018, p. 1, ELI: http://data.europa.eu/eli/reg_del/2018/480/oj).

ELTIF- RTS Annex I - Determination of the maximum percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 as a function of the redemption frequency and the notice period of the ELTIF, including the extension of the notice period, if any ('Notice Period')

ANNEXES TO ELTIF-RTS

ANNEX I

DETERMINATION OF THE MAXIMUM PERCENTAGE REFERRED TO IN ARTICLE 18(2), FIRST SUBPARAGRAPH, POINT (D), OF REGULATION (EU) 2015/760 AS A FUNCTION OF THE REDEMPTION FREQUENCY AND THE NOTICE PERIOD OF THE ELTIF, INCLUDING THE EXTENSION OF THE NOTICE PERIOD, IF ANY ('NOTICE PERIOD')

Option 1 – Baseline option

Notice Period / Redemption frequency	No Notice Period	2 weeks Notice Period	1 month Notice Period	3 months Notice Period	6 months Notice Period	9 months Notice Period	12 months Notice Period
12 months	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %
6 months	50,0 %	52,2 %	54,5 %	66,7 %	100,0 %	100,0 %	100,0 %
3 months	25,0 %	26,1 %	27,3 %	33,3 %	50,0 %	100,0 %	100,0 %
2 months	16,7 %	17,4 %	18,2 %	22,2 %	33,3 %	66,7 %	100,0 %
1 month	8,3 %	8,7 %	9,1 %	11,1 %	16,7 %	33,3 %	100,0 %
Bi-weekly	4,2 %	4,3 %	4,5 %	5,6 %	8,3 %	16,7 %	100,0 %
Weekly	1,9 %	2,0 %	2,1 %	2,6 %	3,8 %	7,7 %	100,0 %

Option 2 – Aggregation on a one-month basis

Notice Period / Redemption frequency	No Notice Period	2 weeks Notice Period	1 month Notice Period	3 months Notice Period	6 months Notice Period	9 months Notice Period	12 months Notice Period
12 months	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %
6 months	50,0 %	52,2 %	54,5 %	66,7 %	100,0 %	100,0 %	100,0 %
3 months	25,0 %	26,1 %	27,3 %	33,3 %	50,0 %	100,0 %	100,0 %
2 months	16,7 %	17,4 %	18,2 %	22,2 %	33,3 %	66,7 %	100,0 %
1 month or more frequent than 1 month	On an aggregate basis, during the period of one month: 8,3 %	On an aggregate basis, during the period of one month: 8,7 %	On an aggregate basis, during the period of one month: 9,1 %	On an aggregate basis, during the period of one month: 11,1 %	On an aggregate basis, during the period of one month: 16,7 %	On an aggregate basis, during the period of one month: 33,3 %	On an aggregate basis, during the period of one month: 100,0 %

Option 3 – Aggregation on a two-months basis

Notice Period / Redemption frequency	No Notice Period	2 weeks Notice Period	1 month Notice Period	3 months Notice Period	6 months Notice Period	9 months Notice Period	12 months Notice Period
12 months	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %
6 months	50,0 %	52,2 %	54,5 %	66,7 %	100,0 %	100,0 %	100,0 %
3 months	25,0 %	26,1 %	27,3 %	33,3 %	50,0 %	100,0 %	100,0 %
2 months or more frequent than 2 months	On an aggregate basis, during the period of 2 months: 16,7 %	On an aggregate basis, during the period of 2 months: 17,4 %	On an aggregate basis, during the period of 2 months: 18,2 %	On an aggregate basis, during the period of 2 months: 22,2 %	On an aggregate basis, during the period of 2 months: 33,3 %	On an aggregate basis, during the period of 2 months: 66,7 %	On an aggregate basis, during the period of 2 months: 100,0 %

ANNEX II

DETERMINATION OF THE MAXIMUM PERCENTAGE REFERRED TO IN ARTICLE 18(2), FIRST SUBPARAGRAPH, POINT (D), OF REGULATION (EU) 2015/760 AS A FUNCTION OF THE REDEMPTION FREQUENCY AND THE MINIMUM PERCENTAGE OF ASSETS REFERRED TO IN ARTICLE 9(1), POINT (B) OF THAT REGULATION

Redemption frequency	Minimum percentage of assets referred to in Article 9(1), point (b)	Maximum percentage referred to in Article 18(2), first subparagraph, point (d)
12 months, and less frequent	10 %	100 %
6 months	15 %	67 %
3 months	20 %	50 %
1 month or more frequent	25 %	20 %, applied on a monthly aggregate basis

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