



2021/0377(COD)

14.3.2022

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DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2015/760 as regards the scope of eligible assets and investments, the portfolio composition and diversification requirements, the borrowing of cash and other fund rules and as regards requirements pertaining to the authorisation, investment policies and operating conditions of European long-term investment funds

(COM(2021)0722 – C9-0435/2021 – 2021/0377(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Michiel Hoogeveen

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

Amendments by Parliament set out in two columns

Deletions are indicated in ***bold italics*** in the left-hand column. Replacements are indicated in ***bold italics*** in both columns. New text is indicated in ***bold italics*** in the right-hand column.

The first and second lines of the header of each amendment identify the relevant part of the draft act under consideration. If an amendment pertains to an existing act that the draft act is seeking to amend, the amendment heading includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend.

Amendments by Parliament in the form of a consolidated text

New text is highlighted in ***bold italics***. Deletions are indicated using either the **■** symbol or ~~strikeout~~. Replacements are indicated by highlighting the new text in ***bold italics*** and by deleting or striking out the text that has been replaced.

By way of exception, purely technical changes made by the drafting departments in preparing the final text are not highlighted.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and the Council amending Regulation (EU) 2015/760 as regards the scope of eligible assets and investments, the portfolio composition and diversification requirements, the borrowing of cash and other fund rules and as regards requirements pertaining to the authorisation, investment policies and operating conditions of European long-term investment funds (COM(2021)0722 – C9-0435/2021 – 2021/0377(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2021)0722),
 - having regard to Article 294(2) and Article 114 of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C9-0435/2021),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A9-0000/2022),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a regulation

Recital 5

Text proposed by the Commission

(5) 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

Amendment

(5) 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. Both types of investors, however, have different time horizons, risk tolerances and investment needs. Because of those almost identical rules and the consequential high administrative burden and associated costs for ELTIFs destined for professional investors, asset managers have been reluctant to offer tailored products to such investors. Professional investors have a higher risk tolerance than retail investors and may have, due to their nature and activities, different time horizon and return objectives. It is therefore appropriate to provide for specific rules for ELTIFs that are destined to be marketed to professional investors, in particular with regard to the diversification and composition of the portfolio concerned, the minimum threshold for eligible assets, the concentration limits, and the borrowing of cash.

concentration limits and on limits on the eligible assets and investments. Both types of investors, however, have different time horizons, risk tolerances and investment needs. Because of those almost identical rules and the consequential high administrative burden and associated costs for ELTIFs destined for professional investors, asset managers have been reluctant to offer tailored products to such investors. 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 may have, due to their nature and activities, different time horizon and return objectives. It is therefore appropriate to provide for specific rules for ELTIFs that are destined to be marketed to professional investors, in particular with regard to the diversification and composition of the portfolio concerned, the minimum threshold for eligible assets, the concentration limits, and the borrowing of cash.

Or. en

Justification

It seems appropriate to highlight that professional investors do not only differ from retail investors with respect to their risk tolerance, investment time horizon and return objectives. They also have the organisational sophistication and operational setup to provide them with better access to information, investment opportunities, and resources that permit them to analyse investment insights, and ultimately make well-informed investment decisions.

Amendment 2

Proposal for a regulation

Recital 8

Text proposed by the Commission

(8) *To promote accountability of investments and provide adequate disclosure on the impact of the investment*

Amendment

deleted

strategy, investments in immovable property should be documented, including the extent to which real assets are integral to, or an ancillary element of, a long-term investment project that contributes to the Union’s objective of smart, sustainable and inclusive growth.

Or. en

Justification

All types of eligible investment assets need to be in line with the general objective defined in Article 1 of Regulation (EU) 2015/760). Further, an ex ante requirement to document hypothetical impacts of the investment strategy represents an unnecessary regulatory burden. It is therefore suggested to delete this recital.

Amendment 3

Proposal for a regulation

Recital 11

Text proposed by the Commission

(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 referred to in Article 3(3), second subparagraph, of Regulation (EU) 2015/760 ('ELTIF register'). The ELTIF register should therefore contain additional information to the information that that register contains already, including, where available, the Legal Entity Identifier ('LEI') and the national code identifier of the ELTIF, the name, address and the LEI of the ELTIF manager, the International Securities Identification Numbers ('ISIN') codes of the ELTIF and of each separate share or unit 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 can solely be marketed to professional

Amendment

(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 referred to in Article 3(3), second subparagraph, of Regulation (EU) 2015/760 ('ELTIF register'). The ELTIF register should therefore contain additional information to the information that that register contains already, including, where available, the Legal Entity Identifier ('LEI') and the national code identifier of the ELTIF, the name, address and the LEI of the ELTIF manager, the International Securities Identification Numbers ('ISIN') codes of the ELTIF and of each separate share or unit 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 can solely be marketed to professional

investors, the date of the authorisation of the ELTIF, and the date on which the marketing of the ELTIF has commenced. ***In addition, to enable ELTIF investors to analyse and compare existing ELTIFs, the ELTIF register should contain up-to-date links to the ELTIF documentation, including to the rules or instruments of incorporation of the ELTIF concerned, the annual reports, the prospectus and, where available, the Key Information Document drawn up in accordance with Regulation (EU) No 1286/2014 of the European Parliament and of the Council¹⁵.*** To ensure an up-to-date status of the ELTIF register, it is appropriate to require competent authorities to communicate to ESMA any changes to the information on an ELTIF, including authorisations and withdrawals of such authorisations, on a ***monthly*** basis.

¹⁵ 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).

investors, the date of the authorisation of the ELTIF, and the date on which the marketing of the ELTIF has commenced. To ensure an up-to-date status of the ELTIF register, it is appropriate to require competent authorities to communicate to ESMA any changes to the information on an ELTIF, including authorisations and withdrawals of such authorisations, on a ***quarterly*** basis.

¹⁵ 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).

Or. en

Justification

It is suggested to delete the reference to the compulsory publication of sensitive information/documents mentioned in Article 3(3)(k) of this Regulation, which could hamper the success of ELTIF as such information/documents are generally exclusively shared with existing investors, potential investors in the negotiations for the subscription and competent authorities; thus not with a broad public. It is furthermore suggested that a monthly notification to ESMA might be disproportionately frequent, and that a quarterly notification would be more appropriate.

Amendment 4

Proposal for a regulation

Recital 13

Text proposed by the Commission

(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 currently contains restrictions on investments in other funds throughout the ELTIF's life. Fund-of-fund 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 to invest in other funds, because that would enable ELTIFs to ensure a faster deployment of capital. Facilitating fund-of-fund investments by ELTIFs would also allow reinvestment of excess cash into funds as different investments with distinct maturities may lower the cash drag of the ELTIF. It is therefore necessary to expand the eligibility of funds-of-funds strategies for ELTIF managers beyond investments in European venture capital funds (EuVECA)s or European social entrepreneurship funds (EuSEFs). The scope of collective investment undertakings in which ELTIFs can invest should thus be broadened to undertakings for collective investment in transferable securities (UCITS) and to *EU* alternative investment funds (*EU* AIFs) managed by EU AIF managers. However, in order to ensure effective investor protection, it is also necessary to set out that where an ELTIF invests in other ELTIFs, in European venture capital funds (EuVECA)s, in European social entrepreneurship funds (EuSEFs), in UCITS and *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

Amendment

(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 currently contains restrictions on investments in other funds throughout the ELTIF's life. Fund-of-fund 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 to invest in other funds, because that would enable ELTIFs to ensure a faster deployment of capital. Facilitating fund-of-fund investments by ELTIFs would also allow reinvestment of excess cash into funds as different investments with distinct maturities may lower the cash drag of the ELTIF. It is therefore necessary to expand the eligibility of funds-of-funds strategies for ELTIF managers beyond investments in European venture capital funds (EuVECA)s or European social entrepreneurship funds (EuSEFs). The scope of collective investment undertakings in which ELTIFs can invest should thus be broadened to undertakings for collective investment in transferable securities (UCITS) and to alternative investment funds (AIFs) managed by EU AIF managers. However, in order to ensure effective investor protection, it is also necessary to set out that where an ELTIF invests in other ELTIFs, in European venture capital funds (EuVECA)s, in European social entrepreneurship funds (EuSEFs), in UCITS and AIFs managed by EU AIFMs, those collective investment undertakings should also invest in eligible investments and have not themselves invested more than **20**% of their capital in any other collective investment undertaking.

undertaking.

Or. en

Justification

The possibility to invest in solely EU AIFs is unduly limiting the investment universe. As long as the overall ELTIF objective is met, the AIF is managed by an EU AIFM operating under AIFMD rules and supervision, it should not matter, from a risk perspective, that ELTIF managers invest in funds that are not based in the EU. Such investments could yield attractive opportunities, unveil productive investing strategies and bring about non-EU sectoral and geographic exposures. Furthermore, it is suggested to raise the 10% limit to 20% to align with the proposed amendment to Article 13(2)(c).

Amendment 5

Proposal for a regulation

Recital 14

Text proposed by the Commission

(14) In order to better use the expertise of the ELTIF managers and because of diversification benefits, in certain cases it can be beneficial for ELTIFs to invest all or almost all of their assets into the diversified portfolio of *the* master **ELTIF**. ELTIFs should therefore be allowed to pool their assets and make use of master-feeder structures by investing in master **ELTIFs**.

Amendment

(14) In order to better use the expertise of the ELTIF managers and because of diversification benefits, in certain cases it can be beneficial for ELTIFs to invest all or almost all of their assets into the diversified portfolio of *a* master **fund**. ELTIFs should therefore be allowed to pool their assets and make use of master-feeder structures by investing in master **funds**.

Or. en

Justification

It is suggested to delete the requirement for ELTIF feeders to exclusively invest in an ELTIF master. Such requirement is excessively limiting and could undermine an effective recourse to master-feeder structures. The limitation to invest in a master ELTIF, as opposed to a master fund without such a fund qualifying as ELTIF, also creates additional costs and processes making the structure far less attractive. In contrast, the same goal can be reached by requiring that ELTIF feeders should invest in an AIF that respects the same asset eligibility and diversification criteria as an ELTIF

Amendment 6

Proposal for a regulation Recital 15

Text proposed by the Commission

(15) The diversification requirements laid down in the current version of Regulation (EU) 2015/760 were introduced to ensure that ELTIFs can withstand adverse market circumstances. Those ***diversification thresholds*** imply, however, that ELTIFs are, on average, required to make ten distinct investments. In relation to investment in projects or infrastructures of large scale, the requirement to make ten investments per ELTIF may 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 to be exposed 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 often do not have a readily available market quotation, may be highly illiquid, and frequently have long-term maturity or time horizon.

Amendment

(15) The ***portfolio composition and*** diversification requirements laid down in the current version of Regulation (EU) 2015/760 were introduced to ensure that ELTIFs can withstand adverse market circumstances. Those ***requirements*** imply, however, that ELTIFs are, on average, required to make ten distinct investments. In relation to investment in projects or infrastructures of large scale, the requirement to make ten investments per ELTIF may 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 to be exposed 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 often do not have a readily available market quotation, may be highly illiquid, and frequently have long-term maturity or time horizon.

Or. en

Justification

In the interest of legal certainty, it is suggested to refer to the title of Article 13 of Regulation (EU) 2015/760 in full.

Amendment 7

Proposal for a regulation Recital 16

Text proposed by the Commission

(16) Unlike retail investors, professional investors may, in certain circumstances, have a longer time horizon, distinct financial returns objectives, more expertise, possess higher risk tolerance to adverse market conditions and higher capacity to absorb losses. **Such** professional **thus require less** investor protection **measure than** retail investors. It is therefore appropriate to remove the diversification requirements for ELTIFs that are solely marketed to professional investors.

Amendment

(16) Unlike retail investors, professional investors may, in certain circumstances, have a longer time horizon, distinct financial returns objectives, more expertise, possess higher risk tolerance to adverse market conditions and higher capacity to absorb losses. **Therefore, the categorisation as professional of those investors allows for a different set of investor protection measures as compared to** retail investors. It is therefore appropriate to remove the diversification requirements for ELTIFs that are solely marketed to professional investors.

Or. en

Justification

To avoid misperception and in the interest of clarity, it is suggested to replace an inaccurately worded sentence by a more appropriate one.

Amendment 8

Proposal for a regulation Recital 20

Text proposed by the Commission

(20) Article 10, point (e), of Regulation (EU) 2015/760 currently requires that eligible investment assets, where those assets are individual real assets, have a value of at least EUR 10 000 000. Real assets portfolios, however, are often composed of a number of individual real assets which have a value of less than EUR 10 000 000. The **value of individual real asset should therefore be reduced to EUR**

Amendment

(20) Article 10, point (e), of Regulation (EU) 2015/760 currently requires that eligible investment assets, where those assets are individual real assets, have a value of at least EUR 10 000 000. Real assets portfolios, however, are often composed of a number of individual real assets which have a value of **far** less than EUR 10 000 000. The **removal of that unnecessary limitation on the minimum**

1 000 000. That amount is based on the *estimated* value of individual real assets **which may typically form large real assets portfolios, and** may thus contribute to the diversification of an investment portfolio.

value of individual real assets may thus contribute to the diversification of an investment portfolio **and more effective investments in real assets by ELTIFs.**

Or. en

Justification

The proposed threshold is unnecessary. It is possible to envisage appropriately composed ELTIF portfolios whereby fund managers use investments in real assets with a value far below EUR 1 000 000 while offering a stable return. The proposed EUR 1 000 000 also fails to take into account the potential structural differences between real assets located in different Member States. It is therefore suggested to delete this threshold.

Amendment 9

Proposal for a regulation

Recital 21

Text proposed by the Commission

(21) Article 11(1), point (b)(ii) of Regulation (EU) 2015/760 currently 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. Many listed companies with a low market capitalisation, however, have a limited liquidity which prevents ELTIF managers from building, within a reasonable time, a sufficient position in such listed companies, which narrows down the range of available investment targets. In order to provide ELTIFs with a better liquidity profile, the market capitalisation of the listed qualifying undertakings in which ELTIFs can invest should therefore be increased from maximum EUR 500 000 000 to maximum EUR **1 000 000 000**. To avoid potential changes to the eligibility of such investments due to currency fluctuations or

Amendment

(21) Article 11(1), point (b)(ii) of Regulation (EU) 2015/760 currently 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. Many listed companies with a low market capitalisation, however, have a limited liquidity which prevents ELTIF managers from building, within a reasonable time, a sufficient position in such listed companies, which narrows down the range of available investment targets. In order to provide ELTIFs with a better liquidity profile, the market capitalisation of the listed qualifying undertakings in which ELTIFs can invest should therefore be increased from maximum EUR 500 000 000 to maximum EUR **2 000 000 000**. 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 only be made at the time of the initial investment.

other factors, the determination of the market capitalisation threshold should only be made at the time of the initial investment.

Or. en

Justification

It is suggested to raise the market capitalisation threshold to EUR 2 billion, in order to enable more listed companies with a higher market capitalisation to benefit from financing provided by ELTIFs, thus broadening the investment universe and improving the liquidity profile of ELTIFs.

Amendment 10

Proposal for a regulation

Recital 22

Text proposed by the Commission

(22) Managers of ELTIFs that hold a stake in a portfolio undertaking may place their own interests ahead of the interests of investors in the ELTIF. To avoid such a conflict of interests, and to ensure sound corporate governance, the current version of 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, an 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 ELTIF. Such co-investments by the AIF manager 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

Amendment

(22) Managers of ELTIFs that hold a stake in a portfolio undertaking may place their own interests ahead of the interests of investors in the ELTIF. To avoid such a conflict of interests, and to ensure sound corporate governance, the current version of Regulation (EU) 2015/760, ***in addition to the requirements concerning conflicts of interest laid down in Directive 2011/61/EU***, 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, an 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 ELTIF. Such co-investments by the AIF manager 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

management mandate, portfolio managers and senior personnel 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 conflict of interest should not prevent an ELTIF manager or an undertaking that belongs to that group from co-investing in that ELTIF and 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, ELTIF managers 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.

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 personnel 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 conflict of interest should not prevent an ELTIF manager or an undertaking that belongs to that group from co-investing in that ELTIF and 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, ELTIF managers 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.

Or. en

Justification

In the interest of legal certainty, it is suggested to clarify that the conflict of interests regime established in Article 14 of Directive 2011/61/EU and developed in Article 30 to 37 of Commission Delegated Regulation (EU) No 231/2013 remains applicable to ELTIF managers.

Amendment 11

Proposal for a regulation

Recital 26

Text proposed by the Commission

(26) 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

Amendment

(26) 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 *either* put in place adequate hedges of the currency exposure, *or should borrow in another currency where foreign currency exposures do not bring about significant currency risks*.

therefore put in place adequate hedges of the currency exposure.

Or. en

Justification

It is suggested to delete the last sentence, which does not seem credible from an economic perspective.

Amendment 12

Proposal for a regulation

Recital 27

Text proposed by the Commission

(27) ELTIFs should be able to encumber their assets to implement their borrowing strategy. *To address concerns about shadow banking activities, however, cash borrowed by ELTIFs should not be used to grant loans to qualifying portfolio undertakings. However,* to increase the flexibility of ELTIFs in executing their borrowing strategy, the borrowing arrangements should not count as borrowing where that borrowing is fully covered by investors' capital commitments.

Amendment

(27) ELTIFs should be able to encumber their assets to implement their borrowing strategy *respecting thresholds relative to their value*. To increase the flexibility of ELTIFs in executing their borrowing strategy, the borrowing arrangements should not count as borrowing where that borrowing is fully covered by investors' capital commitments.

Or. en

Justification

It is suggested to dismiss unjustifiable concerns about shadow banking, and to enable granting loans from borrowed money to qualifying portfolio undertakings. ELTIFs would not create new money but would use borrowed money for investment in the same manner as AIFs, financed by the banking sector that maintains full control over the money creation process. Bank financing of borrowing by ELTIFs would be subject to oversight of bank regulators. Any use of borrowings would also be subject to absolute caps. Finally, supervisory oversight under the AIFMD provides for another safeguard.

Amendment 13

Proposal for a regulation Recital 28

Text proposed by the Commission

(28) Given the increase of the maximum thresholds for borrowing cash by ELTIFs and the removal of certain limitations on the borrowing of cash in foreign currencies, investors should have more comprehensive information on the borrowing strategy and limits employed by the ELTIF. It is therefore appropriate to require ELTIF managers to explicitly disclose in the prospectus of the ELTIF concerned ***the borrowing strategy and the borrowing limits and to provide information on how leverage will contribute to the ELTIF strategy and how currency and duration risks will be mitigated.***

Amendment

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

Or. en

Justification

As it is unclear what is expected to be disclosed in the prospectus concerning “how leverage will contribute to the ELTIF strategy”, it is suggested to delete that unnecessary requirement. Furthermore, it is considered that the AIFM should not be obliged to already commit in the prospectus on how currency and duration risk may eventually one day be mitigated, as the AIFMD already sets out an effective and more complete and uniform legal framework for addressing such issues. To avoid unnecessary duplication of legal frameworks, it is thus suggested to also delete that part of this recital.

Amendment 14

Proposal for a regulation Recital 30

Text proposed by the Commission

(30) The current version of Regulation (EU) 2015/760 is unclear about the criteria to assess the redemption percentage in a period of time, and about the minimum

Amendment

(30) The current version of Regulation (EU) 2015/760 is unclear about the criteria to assess the redemption percentage in a period of time, and about ***the conditions***

information to be provided to competent authorities about the possibility of redemptions. Given ESMA's central role in the application of Regulation (EU) 2015/760 and its expertise about securities and securities markets, it is appropriate to entrust ESMA with the drawing up of draft regulatory technical standards specifying those criteria and that information.

for and the minimum information to be provided to competent authorities about the possibility of redemptions. Given ESMA's central role in the application of Regulation (EU) 2015/760 and its expertise about securities and securities markets, it is appropriate to entrust ESMA with the drawing up of draft regulatory technical standards specifying those criteria and that information.

Or. en

Justification

It is suggested to extend the mandate of ESMA to also cover the already existing mechanism in Article 18(2) of Regulation (EU) 2015/760, which sets out the conditions for the possibility of redemptions by AIFM before the end of the ELTIF life.

Amendment 15

Proposal for a regulation Recital 31

Text proposed by the Commission

(31) Article 19(1) of the current version of 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, ELTIF managers, investors and market participants have hardly used the secondary trading mechanism by for the trading of shares or units of ELTIFs. To promote the secondary trading of ELTIF units or shares, it is appropriate to allow ELTIF managers to put in place a possibility for an early exit of ELTIF investors, before the end of the ELTIF's life. In order to ensure an effective functioning of such a secondary trading mechanism, such 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

Amendment

(31) Article 19(1) of the current version of 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, ELTIF managers, investors and market participants have hardly used the secondary trading mechanism by for the trading of shares or units of ELTIFs. To promote the secondary trading of ELTIF units or shares, it is appropriate to allow ELTIF managers to put in place a possibility for an early exit of ELTIF investors, before the end of the ELTIF's life. In order to ensure an effective functioning of such a secondary trading mechanism, such 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, among others, specify the transfer process, the role of the ELTIF manager and the ELTIF administrator, the duration of the liquidity window during which the units or shares of the ELTIF could be exchanged, the execution price, pro-ration conditions, disclosure requirements, fees, costs and charges and other conditions pertaining to such a liquidity window mechanism.

requests. That policy should, among others, specify the transfer process, the role of the ELTIF manager and the ELTIF administrator, the duration of the liquidity window during which the units or shares of the ELTIF could be exchanged, **the rules determining** the execution price, pro-ration conditions, disclosure requirements, fees, costs and charges and other conditions pertaining to such a liquidity window mechanism.

Or. en

Justification

The execution price is generally unknown at the moment when the rules or instruments of incorporation of the ELTIF are drafted. It is therefore suggested, in the interest of terminological and editorial accuracy, to refer to the “rules determining the execution price” rather than the ‘execution price’ itself.

Amendment 16

Proposal for a regulation

Recital 32

Text proposed by the Commission

(32) Article 26 of the current version of Regulation (EU) 2015/760 requires that ELTIF managers set up local facilities in each Member State where they intend to market ELTIFs. **The** requirement to set up local facilities has, **however**, been removed by Directive (EU) 2019/1160 of the European Parliament and of the Council of 20 June 2019¹⁹ as regards UCITS and alternative investment funds marketed to retail investors, since such local facilities create additional costs and friction to 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 virtue of electronic means. Removing this obligation

Amendment

(32) Article 26 of the current version of Regulation (EU) 2015/760 requires that ELTIF managers 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 been removed by Directive (EU) 2019/1160 of the European Parliament and of the Council of 20 June 2019¹⁹ as regards UCITS and alternative investment funds marketed to retail investors, since such local facilities create additional costs and friction to the cross-border marketing of ELTIFs. In addition, **while the requirements to perform certain tasks for investors across all Member States remain in place**, the preferred method of contact

from the ELTIF Regulation 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 operating local facilities. Article 26 should therefore be deleted.

with investors has shifted from physical meetings at local facilities to direct interaction between fund managers or distributors and investors by virtue of electronic means. Removing this obligation from the ELTIF Regulation 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 operating local facilities. Article 26 should therefore be deleted.

¹⁹ 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).

¹⁹ 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).

Or. en

Justification

It is suggested to clarify that the requirements established in Article 43(a) of Directive 2011/61/EU concerning the treatment of investors are also applicable to ELTIFs.

Amendment 17

Proposal for a regulation Recital 34

Text proposed by the Commission

(34) Adequate disclosure of fees and charges is critically important for the evaluation of the ELTIFs 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 ELTIF

Amendment

(34) Adequate disclosure of fees and charges is critically important for the evaluation of the ELTIFs 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 ELTIF

manager to include in the annual report of the feeder ELTIF a statement on the aggregate charges of the feeder ELTIF and the master **ELTIF**.

manager to include in the annual report of the feeder ELTIF a statement on the aggregate charges of the feeder ELTIF and the master **fund**.

Or. en

Justification

It is suggested to delete the requirement for ELTIF feeders to exclusively invest in an ELTIF master. Such requirement is excessively limiting and could undermine an effective recourse to master-feeder structures. The limitation to invest in a master ELTIF, as opposed to a master fund without such a fund qualifying as ELTIF, also creates additional costs and processes making the structure far less attractive. In contrast, the same goal can be reached by requiring that ELTIF feeders should invest in an AIF that respects the same asset eligibility and diversification criteria as an ELTIF

Amendment 18

Proposal for a regulation

Recital 37

Text proposed by the Commission

(37) The prospectus of the feeder ELTIF may contain highly relevant information for investors, which enables investors to better assess potential risks and benefits of an investment. It is therefore appropriate to require that in case of a master-feeder structure the prospectus of the feeder ELTIF contains disclosures on the master-feeder structure, the feeder ELTIF and the master **ELTIF**, a description of all remuneration or reimbursement of costs payable by the feeder ELTIF and a description of the tax implications of the investment into the master **ELTIF** for the feeder ELTIF.

Amendment

(37) The prospectus of the feeder ELTIF may contain highly relevant information for investors, which enables investors to better assess potential risks and benefits of an investment. It is therefore appropriate to require that in case of a master-feeder structure the prospectus of the feeder ELTIF contains disclosures on the master-feeder structure, the feeder ELTIF and the master **fund**, a description of all remuneration or reimbursement of costs payable by the feeder ELTIF and, **where the ELTIF is marketed to retail investors**, a description of the tax implications of the investment into the master **fund** for the feeder ELTIF.

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master (as articulated elsewhere). Furthermore, describing tax implications is typically not

done for funds only distributed to professional investors. It is therefore suggested to restrict this obligation to funds marketed to retail investors.

Amendment 19

Proposal for a regulation Recital 38 a (new)

Text proposed by the Commission

Amendment

(38a) Decisions on taxation are predominantly a competence of the Member States. Member States could thus decide to further improve the attractiveness of ELTIFs by, for example, granting tax neutrality or zero or reduced tax rates on distributions and capital gains.

Or. en

Justification

Taxation is predominantly a Member States' competence, which your Rapporteur fully acknowledges and supports. Given that tax barriers continue to hamper the success of ELTIF, it is suggested to insert a recital to remind Member States that tax neutrality and tax incentives, such as zero or reduced taxation on distributions and capital gains, could greatly contribute to accelerating the uptake of ELTIFs.

Amendment 20

Proposal for a regulation Recital 40

Text proposed by the Commission

Amendment

(40) In order to give ELTIF managers sufficient time to adapt to the new requirements, including the requirements pertaining to the marketing of ELTIFs to investors, this Regulation should start to apply **six** months after its entry into force,

(40) In order to give ELTIF managers sufficient time to adapt to the new requirements, including the requirements pertaining to the marketing of ELTIFs to investors, this Regulation should start to apply **nine** months after its entry into force. ***However, keeping in mind their long-term nature and in order to not materially change their portfolio composition and investment strategy, existing ELTIFs***

should be subject to a grandfathering clause.

Or. en

Justification

Given the closed-ended nature of existing ELTIFs and their nature as long-term funds with illiquid assets, as well as to avoid affecting the trust of retail investors in existing ELTIFs, it is suggested to include a grandfathering provision. Furthermore, it is considered that an implementation period of 6 months is too short for the industry and national competent authorities to adapt. Therefore, it is suggested to increase the implementation period to 9 months after the entry into force.

Amendment 21

Proposal for a regulation

Article 1 – paragraph 1 – point 2 – point d – introductory part

Regulation (EU) 2015/760

Article 2 – point 20

Text proposed by the Commission

Amendment

(d) the following points (20) **and (21)** **are** added:

(d) the following point (20) **is** added:

Or. en

Justification

It is suggested to delete the requirement for ELTIF feeders to exclusively invest in an ELTIF master. Such requirement is excessively limiting and could undermine an effective recourse to master-feeder structures. The limitation to invest in a master ELTIF, as opposed to a master fund without such a fund qualifying as ELTIF, also creates additional costs and processes making the structure far less attractive. In contrast, the same goal can be reached by requiring that ELTIF feeders should invest in an AIF that respects the same asset eligibility and diversification criteria as an ELTIF

Amendment 22

Proposal for a regulation

Article 1 – paragraph 1 – point 2 – point d

Regulation (EU) 2015/760

Article 2 – point 20

Text proposed by the Commission

Amendment

(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 of another ELTIF or investment compartment of an ELTIF;

(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 *or an AIF managed by an EU AIFM provided that the AIF invests in eligible assets as referred to in Article 9 and complies with the diversification and borrowing of cash requirements of this Regulation*;

Or. en

Justification

It is suggested to add the words “or shares” to align with existing fund legislation. Furthermore, it is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria and borrowing of cash requirements as an ELTIF.

Amendment 23

Proposal for a regulation

Article 1 – paragraph 1 – point 2 – point d

Regulation (EU) 2015/760

Article 2 – point 21

Text proposed by the Commission

Amendment

(21) ‘*master ELTIF*’ means an ELTIF, or an investment compartment thereof, in which another ELTIF invests at least 85 % of its assets in units of another ELTIF or investment compartment of an ELTIF.

deleted

Or. en

Justification

It is suggested to delete the requirement for ELTIF feeders to exclusively invest in an ELTIF master. Such requirement is excessively limiting and could undermine an effective recourse to

master-feeder structures. The limitation to invest in a master ELTIF, as opposed to a master fund without such a fund qualifying as ELTIF, also creates additional costs and processes making the structure far less attractive. In contrast, the same goal can be reached by requiring that ELTIF feeders should invest in an AIF that respects the same asset eligibility and diversification criteria as an ELTIF

Amendment 24

Proposal for a regulation

Article 1 – paragraph 1 – point 3

Regulation (EU) 2015/760

Article 3 – paragraph 3 – subparagraph 1

Text proposed by the Commission

Amendment

The competent authorities of the ELTIFs shall, on a **monthly** 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.

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.

Or. en

Justification

Considering the wide array of information to be reported by NCAs to ESMA for the purpose of maintaining ELTIFs central public register, and keeping in mind that the benefits of increased reporting frequency might not exceed the extra workload and pressure on regulatory authorities, it is suggested that a monthly notification might be disproportionately frequent, and that a quarterly notification to ESMA would be more appropriate.

Amendment 25

Proposal for a regulation

Article 1 – paragraph 1 – point 3

Regulation (EU) 2015/760

Article 3 – paragraph 3 – subparagraph 2 – point k

Text proposed by the Commission

Amendment

(k) up-to-date links to the ELTIF documentation, including to the rules or instruments of incorporation of the ELTIF, the annual reports, the prospectus

deleted

and, where available, the Key Information Document;

Or. en

Justification

The compulsory publication of the information/documents mentioned in Article 3(3)(k) of this Regulation could hamper the success of ELTIF, as such information/documents are generally exclusively shared with existing investors, potential investors in the negotiations for the subscription and competent authorities; thus not with a broad public. It is therefore suggested to delete the sentence in this recital that refers to the publication of such sensitive information/documents.

Amendment 26

Proposal for a regulation

Article 1 – paragraph 1 – point 4 – point a

Regulation (EU) 2015/760

Article 5 – paragraph 1 – subparagraph 2 – point e – point i

Text proposed by the Commission

Amendment

*(i) a declaration that the feeder
ELTIF is a feeder of the master ELTIF;* **deleted**

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification, and borrowing of cash criteria as an ELTIF.

Amendment 27

Proposal for a regulation

Article 1 – paragraph 1 – point 4 – point a

Regulation (EU) 2015/760

Article 5 – paragraph 1 – subparagraph 2 – point e – point ii

Text proposed by the Commission

Amendment

(ii) the ***fund rules or instruments of incorporation of the master ELTIF and the agreement between the feeder and the master ELTIF referred or the internal rules on the conduct of business referred to in Article 29(6)***;

(ii) the ***prospectus*** of the master ***fund***;

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification and borrowing of cash criteria as an ELTIF. Furthermore, it is considered that the prospectus of the master fund should be sufficient in order to check compliance with the investment policy and risk profile.

Amendment 28

Proposal for a regulation

Article 1 – paragraph 1 – point 4 – point a

Regulation (EU) 2015/760

Article 5 – paragraph 1 – subparagraph 2 – point e – point iii

Text proposed by the Commission

Amendment

(iii) where the master ***ELTIF*** and the feeder ELTIF have different depositaries, the information-sharing agreement referred to in Article 29(7), ;

(iii) where the master ***fund*** and the feeder ELTIF have different depositaries, the information-sharing agreement referred to in Article 29(7);

Or. en

Justification

It is suggested to delete the requirement for ELTIF feeders to exclusively invest in an ELTIF master, which is excessively limiting and could undermine an effective recourse to master-feeder structures. The limitation to invest in a master ELTIF, as opposed to a master fund without such a fund qualifying as ELTIF, creates additional costs and processes making the structure far less attractive. The same goal can be reached by requiring that ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria and borrowing requirements as an ELTIF.

Amendment 29

Proposal for a regulation

Article 1 – paragraph 1 – point 4 – point a

Regulation (EU) 2015/760

Article 5 – paragraph 1 – subparagraph 2 – point e – point iv

Text proposed by the Commission

Amendment

(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 authorities of the home Member State of the master ELTIF that the master ELTIF is an ELTIF provided by the feeder ELTIF.;

deleted

Or. en

Justification

It is suggested to delete the requirement for ELTIF feeders to exclusively invest in an ELTIF master, which is excessively limiting and could undermine an effective recourse to master-feeder structures. The limitation to invest in a master ELTIF, as opposed to a master fund without such a fund qualifying as ELTIF, creates additional costs and processes making the structure far less attractive. The same goal can be reached by requiring that ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria and borrowing requirements as an ELTIF.

Amendment 30

Proposal for a regulation

Article 1 – paragraph 1 – point 4 – point b

Regulation (EU) 2015/760

Article 5 – paragraph 3

Text proposed by the Commission

Amendment

3. Applicants shall be informed within two months from the date of submission of a complete application whether authorisation as an ELTIF has been granted. ***Authorisation shall not be subject either to a requirement that the ELTIF be managed by an AIFM having its***

3. Applicants shall be informed within two months from the date of submission of a complete application whether authorisation as an ELTIF has been granted.

registered office in the ELTIF home Member State or that the AIFM pursue or delegate any activities in the ELTIF home Member State.;

Or. en

Justification

The substance of the second sentence of this Article is already covered by Article 6(7) of Regulation (EU) 2015/760.

Amendment 31

Proposal for a regulation

Article 1 – paragraph 1 – point 5

Regulation (EU) 2015/760

Article 10 – paragraph 1 – introductory part

Text proposed by the Commission

1. An asset as referred to in Article 9(1), point (a), shall only be eligible for investment by an ELTIF where it falls into one of the following categories:

Amendment

1. An asset as referred to in Article 9(1), point (a), shall only be eligible for **direct or indirect** investment by an ELTIF where it falls into one of the following categories:

Or. en

Justification

It is suggested to use coherent wording and align with the proposed amendments to Article 13(2)(b).

Amendment 32

Proposal for a regulation

Article 1 – paragraph 1 – point 5

Regulation (EU) 2015/760

Article 10 – paragraph 1 – point a – point i

Text proposed by the Commission

(i) issued by a qualifying portfolio undertaking as referred to in Article **II(1)** and acquired by the ELTIF from that

Amendment

(i) issued by a qualifying portfolio undertaking as referred to in Article **II** and acquired by the ELTIF from that qualifying

qualifying portfolio undertaking or from a third party via the secondary market;

portfolio undertaking or from a third party via the secondary market;

Or. en

Justification

As Article 11 of Regulation (EU) 2015/760 refers to qualifying portfolio undertakings in its entirety, it is suggested to refer to Article 11 instead of only Article 11(1).

Amendment 33

Proposal for a regulation

Article 1 – paragraph 1 – point 5

Regulation (EU) 2015/760

Article 10 – paragraph 1 – point a – point ii

Text proposed by the Commission

(ii) issued by a qualifying portfolio undertaking as referred to in Article **II(1)** in exchange for an equity or quasi-equity instrument previously acquired by the ELTIF from that qualifying portfolio undertaking or from a third party via the secondary market;

Amendment

(ii) issued by a qualifying portfolio undertaking as referred to in Article **II** in exchange for an equity or quasi-equity instrument previously acquired by the ELTIF from that qualifying portfolio undertaking or from a third party via the secondary market;

Or. en

Justification

As Article 11 of Regulation (EU) 2015/760 refers to qualifying portfolio undertakings in its entirety, it is suggested to refer to Article 11 instead of only Article 11(1).

Amendment 34

Proposal for a regulation

Article 1 – paragraph 1 – point 5

Regulation (EU) 2015/760

Article 10 – paragraph 1 – point a – point iii

Text proposed by the Commission

(iii) issued by an undertaking in which a qualifying portfolio undertaking as referred to in Article **II(1)** holds a capital

Amendment

(iii) issued by an undertaking in which a qualifying portfolio undertaking as referred to in Article **II** holds a capital participation

participation in exchange for an equity or quasi-equity instrument acquired by the ELTIF in accordance with points (i) or (ii) of this paragraph;

in exchange for an equity or quasi-equity instrument acquired by the ELTIF in accordance with points (i) or (ii) of this paragraph;

Or. en

Justification

As Article 11 of Regulation (EU) 2015/760 refers to qualifying portfolio undertakings in its entirety, it is suggested to refer to Article 11 instead of only Article 11(1).

Amendment 35

Proposal for a regulation

Article 1 – paragraph 1 – point 5

Regulation (EU) 2015/760

Article 10 – paragraph 1 – point b

Text proposed by the Commission

Amendment

(b) debt instruments issued by a qualifying portfolio undertaking as referred to in Article **11(I)**;

(b) debt instruments issued by a qualifying portfolio undertaking as referred to in Article **11**;

Or. en

Justification

As Article 11 of Regulation (EU) 2015/760 refers to qualifying portfolio undertakings in its entirety, it is suggested to refer to Article 11 instead of only Article 11(1).

Amendment 36

Proposal for a regulation

Article 1 – paragraph 1 – point 5

Regulation (EU) 2015/760

Article 10 – paragraph 1 – point c

Text proposed by the Commission

Amendment

(c) loans granted by the ELTIF to a qualifying portfolio undertaking as referred to in Article **11(I)** with a maturity that does not exceed the life of the ELTIF;

(c) loans granted by the ELTIF to a qualifying portfolio undertaking as referred to in Article **11** with a maturity that does not exceed the life of the ELTIF;

Justification

As Article 11 of Regulation (EU) 2015/760 refers to qualifying portfolio undertakings in its entirety, it is suggested to refer to Article 11 instead of only Article 11(1).

Amendment 37**Proposal for a regulation****Article 1 – paragraph 1 – point 5**

Regulation (EU) 2015/760

Article 10 – paragraph 1 – point d

Text proposed by the Commission

(d) units or shares of one or several other ELTIFs, EuVEECAs, EuSEFs, UCITS and *EU* AIFs managed by EU AIFM provided that those ELTIFs, EuVEECAs, 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 assets in any other collective investment undertaking.

Amendment

(d) units or shares of one or several other ELTIFs, EuVEECAs, EuSEFs, UCITS and AIFs managed by EU AIFM provided that those ELTIFs, EuVEECAs, EuSEFs, UCITS and AIFs invest in eligible investments as referred to in Article 9(1) and (2) and have not themselves invested more than **20 %** of their assets in any other collective investment undertaking.

Justification

The possibility to invest in solely EU AIFs is unduly limiting the investment universe. As long as the overall ELTIF objective is met, the AIF is managed by an EU AIFM operating under AIFMD rules and supervision, it should not matter, from a risk perspective, that ELTIF managers invest in funds that are not based in the EU. Such investments could yield attractive opportunities, unveil productive investing strategies and bring about non-EU sectoral and geographic exposures. Furthermore, it is suggested to raise the 10% limit to 20% to align with the proposed amendment to Article 13(2)(c).

Amendment 38**Proposal for a regulation****Article 1 – paragraph 1 – point 5**

Regulation (EU) 2015/760

Article 10 – paragraph 1 – point e

Text proposed by the Commission

Amendment

(e) real assets ***with a value of at least EUR 1 000 000 or its equivalent in the currency in which, and at the time when, the expenditure is incurred;***

(e) real assets;

Or. en

Justification

The proposed threshold is unnecessary. It is possible to envisage appropriately composed ELTIF portfolios whereby fund managers use investments in real assets with a value far below EUR 1 000 000, which can occur due to a variety of reasons, including the nature and types of real assets, differences in real assets prices and market structures across Member States. It is therefore suggested to delete this unnecessary threshold.

Amendment 39

Proposal for a regulation

Article 1 – paragraph 1 – point 5

Regulation (EU) 2015/760

Article 10 – paragraph 2

Text proposed by the Commission

Amendment

2. Where an ELTIF has invested in shares or units of other ELTIFs, EuVECAs, EuSEFs, UCITS and ***EU*** AIFs managed by EU AIFMs in accordance with paragraph 1, point (d), the assets of the respective ELTIF and other collective investment undertakings are to be combined for the purposes of determining the compliance with limits laid down in Article 13 and Article 16(1).'

2. Where an ELTIF has invested in shares or units of other ELTIFs, EuVECAs, EuSEFs, UCITS and AIFs managed by EU AIFMs in accordance with paragraph 1, point (d), the assets of the respective ELTIF and other collective investment undertakings are to be combined for the purposes of determining the compliance with limits laid down in Article 13 and Article 16(1).'

Or. en

Justification

The possibility to invest in solely EU AIFs is unduly limiting the investment universe. As long as the overall ELTIF objective is met, the AIF is managed by an EU AIFM operating under AIFMD rules and supervision, it should not matter, from a risk perspective, that ELTIF managers invest in funds that are not based in the EU. Such investments could yield attractive opportunities, unveil productive investing strategies and bring about non-EU sectoral and

geographic exposures.

Amendment 40

Proposal for a regulation

Article 1 – paragraph 1 – point 6 – point b

Regulation (EU) 2015/760

Article 11 – paragraph 1 – point b – point ii

Text proposed by the Commission

(ii) is admitted to trading on a regulated market or on a multilateral trading facility and has a market capitalisation of no more than EUR **1 000 000 000** at the time of the initial investment;

Amendment

(ii) is admitted to trading on a regulated market or on a multilateral trading facility and has a market capitalisation of no more than EUR **2 000 000 000** at the time of the initial investment;

Or. en

Justification

It is suggested to raise the market capitalisation threshold to EUR 2 billion, in order to enable more listed companies with a higher market capitalisation to benefit from financing provided by ELTIFs, thus broadening the investment universe and improving the liquidity profile of ELTIFs

Amendment 41

Proposal for a regulation

Article 1 – paragraph 1 – point 7

Regulation (EU) 2015/760

Article 12 – paragraph 1

Text proposed by the Commission

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, EuVECAs, UCITS or **EU** AIFs that it manages.

Amendment

1. **Without prejudice to the requirements concerning conflicts of interest set out in Article 14 of Directive 2011/61/EU, 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, EuVECAs, UCITS or AIFs that it manages.

Justification

It is suggested to clarify in this paragraph that the conflict of interests regime established in Article 14 of Directive 2011/61/EU is also applicable to ELTIF managers. Furthermore, it is suggested to delete the restriction to EU AIFs (as articulated elsewhere).

Amendment 42**Proposal for a regulation****Article 1 – paragraph 1 – point 7**

Regulation (EU) 2015/760

Article 12 – paragraph 2

Text proposed by the Commission

2. *The* AIFM managing an ELTIF and undertakings that belong to the same group with an AIFM managing an ELTIF, and their staff may co-invest in that ELTIF and co-invest with the ELTIF in the same asset, provided that the ELTIF manager 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.;

Amendment

2. ***Without prejudice to paragraph 1, the*** AIFM managing an ELTIF and undertakings that belong to the same group with an AIFM managing an ELTIF, and their staff may co-invest in that ELTIF and co-invest with the ELTIF in the same asset, provided that the ELTIF manager 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.;

Justification

While Article 12 intends to prevent and avoid any conflict of interest where ELTIFs invest in activities where the ELTIF managers have a direct or indirect interest, it is suggested that ELTIF managers and their staff should nonetheless be able to invest in the activities in which the ELTIF invests if co-investment does not fall within the scope of Article 12(1) of Regulation (EU) 2015/760, i.e. provided that there is no direct or indirect interest of ELTIF managers and their staff in such assets.

Amendment 43**Proposal for a regulation****Article 1 – paragraph 1 – point 8 – point a**

Regulation (EU) 2015/760
Article 13 – paragraph 1

Text proposed by the Commission

1. An ELTIF shall invest at least **60 %** of its capital in eligible investment assets.

Amendment

1. An ELTIF shall invest at least **50 %** of its capital in eligible investment assets.

Or. en

Justification

It is suggested to further lower the minimum requirement for investment in ELTIF eligible assets, and thus further increase the flexibility of the ELTIF framework and promote the attractiveness of ELTIFs to asset managers and investors.

Amendment 44

Proposal for a regulation

Article 1 – paragraph 1 – point 8 – point a

Regulation (EU) 2015/760

Article 13 – paragraph 2 – point c

Text proposed by the Commission

(c) 20 % of its capital in units or shares of any single ELTIF, EuVECA, EuSEF, UCITS or **EU** AIF managed by an EU AIFM;

Amendment

(c) 20 % of its capital in units or shares of any single ELTIF, EuVECA, EuSEF, UCITS or AIF managed by an EU AIFM;

Or. en

Justification

The possibility to invest in solely EU AIFs is unduly limiting the investment universe. As long as the overall ELTIF objective is met, the AIF is managed by an EU AIFM operating under AIFMD rules and supervision, it should not matter, from a risk perspective, that ELTIF managers invest in funds that are not based in the EU. Such investments could yield attractive opportunities, unveil productive investing strategies and bring about non-EU sectoral and geographic exposures.

Amendment 45

Proposal for a regulation

Article 1 – paragraph 1 – point 8 – point a

Text proposed by the Commission

Amendment

3. ***The aggregate value of units or shares of ELTIFs, EuvECAs, EuSEFs, UCITS and of EU AIFs managed by EU AIFM in an ELTIF portfolio shall not exceed 40 % of the value of the capital of the ELTIF.;*** ***deleted***

Or. en

Justification

Requiring that the aggregate value of units or shares of funds in an ELTIF portfolio shall not exceed 40% of the capital of an ELTIF is not workable from a funds-of-funds perspective and undermines the effectiveness of fund-of-funds strategies, as such funds generally invest a high percentage of their assets in target funds (in any case more than 40%). It is therefore suggested to delete the 40% threshold.

Amendment 46

Proposal for a regulation

Article 1 – paragraph 1 – point 10 – point a – point i

Regulation (EU) 2015/760

Article 16 – paragraph 1 – point a

Text proposed by the Commission

Amendment

(a) it represents no more than 50 % of the value of the capital of the ELTIF, and no more than 100 % of the value of the capital of the ELTIF for ELTIFs marketed solely to professional investors;

(a) it represents no more than 50 % of the value of the capital of the ELTIF ***marketed to retail investors***, and no more than 100 % of the value of the capital of the ELTIF for ELTIFs marketed solely to professional investors;

Or. en

Justification

It is suggested to clarify that the 50% leverage threshold applies to retail investors.

Amendment 47

Proposal for a regulation

Article 1 – paragraph 1 – point 10 – point a – point i

Regulation (EU) 2015/760

Article 16 – paragraph 1 – point c

Text proposed by the Commission

(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 hedged ***or where it can be otherwise demonstrated that the borrowing in another currency does not expose the ELTIF to material currency risks.***;

Amendment

(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 hedged;

Or. en

Justification

It is suggested to delete the last part of this point, which does not seem credible from an economic perspective.

Amendment 48

Proposal for a regulation

Article 1 – paragraph 1 – point 10 – point c

Regulation (EU) 2015/760

Article 16 – paragraph 2

Text proposed by the Commission

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 shall ***provide a detailed presentation of the ELTIF borrowing strategy and*** limits. ***In particular, the manager of the ELTIF shall indicate how borrowing will help implement the ELTIF strategy and mitigate borrowing, currency and duration risks.***

Amendment

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 shall ***indicate the*** borrowing limits;

Justification

As it is unclear what is expected to be disclosed in the prospectus concerning “the ELTIF borrowing strategy”, it is suggested to delete that unnecessary requirement. Furthermore, it is considered that the AIFM should not be obliged to already commit in the prospectus on how currency and duration risk may eventually one day be mitigated, as the AIFMD already sets out an effective and more complete and uniform legal framework for addressing such issues. To avoid unnecessary duplication of legal frameworks, it is thus suggested to also delete that part of this Article.

Amendment 49**Proposal for a regulation****Article 1 – paragraph 1 – point 10 a (new)**

Regulation (EU) 2015/760

Article 17 – paragraph 1 – subparagraph 1 – introductory part

*Text proposed by the Commission**Amendment*

(10a) in Article 17(1), first subparagraph, the introductory wording is replaced by the following:

‘1. The investment limits laid down in Article 13(1) and Article 13(2) shall:’;

Justification

It is suggested to clarify that the provisions of Article 17 on the application of portfolio composition and diversification rules should also apply to Article 13(2).

Amendment 50**Proposal for a regulation****Article 1 – paragraph 1 – point 10 b (new)**

Regulation (EU) 2015/760

Article 18 a (new)

*Text proposed by the Commission**Amendment*

(10b) the following article is inserted:

‘Article 18a

Issuance and redemption of shares and units in open-ended ELTIFs

1. By way of derogation from Article 18, and provided that the following additional rules for the issue and redemption of shares and units are met, an ELTIF may be open-ended and continue in existence without a specific date for the end of life of the ELTIF. The manager of an ELTIF shall temporarily suspend the issue of units or shares if there is a risk of a breach of the investment limits in accordance with the liquidity provisions of this section or the fund rules.

2. The fund rules of an open-ended ELTIF shall provide for the redemption of units or shares on specific redemption dates and at least every 12 months. New units or shares may only be issued on the redemption dates specified in the fund rules.

3. Units or shares of an open-ended ELTIF may only be redeemed after a minimum holding period of 24 months. The investor shall have proof of holding at least the number of units or shares specified in the investor's redemption notice throughout the 24 months immediately preceding the redemption date. The proof of holding may be provided by the depository in written form or in another manner provided for in the fund rules.

4. The manager of an ELTIF shall be notified of the investor's request for redemption by means of an irrevocable redemption declaration with a redemption period of 12 months.

5. The redemption declaration shall only become effective once the units or shares to which the declaration relates are transferred to a blocked depository account unless the fund rules permit another form of proof that the redemption period referred to in paragraph 4 is met.';

Justification

To further improve the ELTIF brand and increase participation, it is suggested to allow for the possibility of open-ended fund structures alongside the existing closed-end structure. An optional evergreen structure - i.e. a permanent vehicle with no termination date - would enable asset managers to focus on long-term capital appreciation for investors, while also increasing flexibility regarding redemption terms for investors.

Amendment 51**Proposal for a regulation****Article 1 – paragraph 1 – point 12**

Regulation (EU) 2015/760

Article 18 – paragraph 7 – subparagraph 1

Text proposed by the Commission

ESMA shall develop draft regulatory technical standards specifying the circumstances *in* which the life of an ELTIF is *considered sufficient in length to cover the life-cycle* of each of the individual assets of the ELTIF, as referred to in paragraph 3.

Amendment

ESMA shall develop draft regulatory technical standards specifying the circumstances which *ensure that* the life of an ELTIF is *compatible with the life-cycles* of each of the individual assets of the ELTIF, as referred to in paragraph 3.

Justification

It is suggested to refer to compatibility with the life-cycles of individual assets of an ELTIF.

Amendment 52**Proposal for a regulation****Article 1 – paragraph 1 – point 13 – point -i (new)**

Regulation (EU) 2015/760

Article 19 – paragraph 2

*Text proposed by the Commission**Amendment*

(-i) paragraph 2 is replaced by the following:

‘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.'

Or. en

Justification

It is considered that transfers of shares or units of ELTIFs should always comply with the applicable AML/CFT rules and the eligibility restrictions set out in the fund documents. It is therefore suggested to amend Article 19(2) of Regulation (EU) 2015/760 accordingly.

Amendment 53

Proposal for a regulation

Article 1 – paragraph 1 – point 13 – point i

Regulation (EU) 2015/760

Article 19 – paragraph 2a – point a – point iv

Text proposed by the Commission

(iv) the execution price;

Amendment

(iv) ***the rules determining*** the execution price;

Or. en

Justification

The execution price is generally unknown at the moment when the rules or instruments of incorporation of the ELTIF are drafted. It is therefore suggested, in the interest of terminological and editorial accuracy, to refer to the “rules determining the execution price” rather than the ‘execution price’ itself.

Amendment 54

Proposal for a regulation

Article 1 – paragraph 1 – point 13 – point ii

Regulation (EU) 2015/760

Article 19 – paragraph 5 – subparagraph 1

Text proposed by the Commission

ESMA shall develop draft regulatory

Amendment

ESMA shall develop draft regulatory

technical standards specifying the circumstances in which Article 19(2a) shall be applied, including the information that ELTIFs need to disclose to investors.

technical standards specifying the circumstances in which Article **18(2) and Article** 19(2a) shall be applied, including the information that ELTIFs need to disclose to investors.

Or. en

Justification

It is suggested to extend the mandate of ESMA to also cover the already existing mechanism in Article 18(2) of Regulation (EU) 2015/760, which sets out the conditions for the possibility of redemptions by AIFM before the end of the ELTIF life.

Amendment 55

Proposal for a regulation

Article 1 – paragraph 1 – point 15 – point -a (new)

Regulation (EU) 2015/760

Article 23 – paragraph 3 – point b

Text proposed by the Commission

Amendment

(-a) in paragraph 3, point (b) is deleted;

Or. en

Justification

The reference to Directive 2003/71/EC in Article 23(3)(b) of Regulation (EU) 2015/760 does not seem up to date, and the information requested under this point is redundant in view of the information required under other points in Article 23(3).

Amendment 56

Proposal for a regulation

Article 1 – paragraph 1 – point 15 – point a

Regulation (EU) 2015/760

Article 23 – paragraph 3a – point a

Text proposed by the Commission

Amendment

(a) a declaration that the feeder ELTIF is a feeder of a particular master **ELTIF** and as such permanently invests 85% or

(a) a declaration that the feeder ELTIF is a feeder of a particular master **fund** and as such permanently invests 85% or more

more of its assets in units of that master
ELTIF;

of its assets in units of that master **fund**;

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria, and borrowing requirements as an ELTIF.

Amendment 57

Proposal for a regulation

Article 1 – paragraph 1 – point 15 – point a

Regulation (EU) 2015/760

Article 23 – paragraph 3a – point b

Text proposed by the Commission

(b) the investment objective and policy, including the risk profile and whether the performance of the feeder and the master **ELTIF** are identical, or to what extent and for which reasons they differ;

Amendment

(b) the investment objective and policy, including the risk profile and whether the performance of the feeder and the master **fund** are identical, or to what extent and for which reasons they differ;

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria, and borrowing requirements as an ELTIF.

Amendment 58

Proposal for a regulation

Article 1 – paragraph 1 – point 15 – point a

Regulation (EU) 2015/760

Article 23 – paragraph 3a – point c

Text proposed by the Commission

Amendment

(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** may be obtained;

(c) a brief description of the master **fund**, its organisation, its investment objective and policy, including the risk profile, and an indication of how the prospectus of the master **fund** may be obtained;

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria, and borrowing requirements as an ELTIF.

Amendment 59

Proposal for a regulation

Article 1 – paragraph 1 – point 15 – point a

Regulation (EU) 2015/760

Article 23 – paragraph 3a – point d

Text proposed by the Commission

Amendment

(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));

(d) a summary of the agreement entered into between the feeder ELTIF and the master **fund** or of the internal rules on the conduct of business referred to in Article 29(6));

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria, and borrowing requirements as an ELTIF.

Amendment 60

Proposal for a regulation

Article 1 – paragraph 1 – point 15 – point a

Regulation (EU) 2015/760

Article 23 – paragraph 3a – point e

Text proposed by the Commission

(e) how the unit-holders 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);

Amendment

(e) how the unit-holders may obtain further information on the master **fund** and the agreement entered into between the feeder ELTIF and the master **fund** referred to in Article 29(6);

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria, and borrowing requirements as an ELTIF.

Amendment 61

Proposal for a regulation

Article 1 – paragraph 1 – point 15 – point a

Regulation (EU) 2015/760

Article 23 – paragraph 3a – point f

Text proposed by the Commission

(f) a description of all remuneration or reimbursement of costs payable by the feeder ELTIF by virtue of its investment in units of the master **ELTIF**, as well as of the aggregate charges of the feeder ELTIF and the master **ELTIF**;

Amendment

(f) a description of all remuneration or reimbursement of costs payable by the feeder ELTIF by virtue of its investment in units of the master **fund**, as well as of the aggregate charges of the feeder ELTIF and the master **fund**;

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less

attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria, and borrowing requirements as an ELTIF.

Amendment 62

Proposal for a regulation

Article 1 – paragraph 1 – point 15 – point a

Regulation (EU) 2015/760

Article 23 – paragraph 3a – point g

Text proposed by the Commission

(g) a description of the tax implications for the feeder ELTIF of the investment into the master **ELTIF**;

Amendment

(g) **where the ELTIF is marketed to retail investors**, a description of the tax implications for the feeder ELTIF of the investment into the master **fund**;

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master (as articulated elsewhere). Furthermore, describing tax implications is typically not done for funds only distributed to professional investors. It is therefore suggested to restrict this obligation to funds marketed to retail investors.

Amendment 63

Proposal for a regulation

Article 1 – paragraph 1 – point 15 – point b

Regulation (EU) 2015/760

Article 23 – paragraph 5 – subparagraph 2

Text proposed by the Commission

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 or reports of the master **ELTIF** can be obtained.

Amendment

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, **unless practically impossible**, the master **fund**. The annual report of the feeder ELTIF shall indicate how the annual report or reports of the master **fund** can be obtained.

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility and diversification criteria as an ELTIF. Furthermore, the proposed obligation on feeders to include in their reports charges of masters might in some instances be impossible to comply with, e.g. due to almost identical publication dates of annual reports.

Amendment 64**Proposal for a regulation****Article 1 – paragraph 1 – point 15 a (new)**

Regulation (EU) 2015/760

Article 24 – paragraph 5

*Text proposed by the Commission**Amendment*

(15a) Article 24(5) is replaced by the following:

‘5. The essential elements of the prospectus shall be kept up to date. An update shall be due only if the ELTIF’s offer is open.’;

Justification

It is suggested to amend Article 24(5) of Regulation (EU) 2015/760 to clarify that the update is due only if the ELTIF’s offer is open.

Amendment 65**Proposal for a regulation****Article 1 – paragraph 1 – point 17 a (new)**

Regulation (EU) 2015/760

Article 27 – paragraph 1 a (new)

*Text proposed by the Commission**Amendment*

(17a) in Article 27, the following

paragraph is inserted:

'1a. The manager of an ELTIF shall ensure that:

(a) ELTIFs are designed to meet the needs of an identified target market of end clients within the relevant category of clients;

(b) the strategy for distribution of the financial instruments is compatible with the identified target market; and

(c) the investment firm takes reasonable steps to ensure that the financial instrument is distributed to the identified target market.'

Or. en

Justification

A fundamental element of adequate retail investor protection consists of ensuring that retail investors are only offered products that are suitable for them, based on their individual financial situation, knowledge, experience, and investment objectives (including risk tolerance). If this is done properly, additional safeguards are unnecessary. It is therefore suggested to align the retail product governance rules with the MiFID (Directive 2014/65/EU), in particular Article 24(2) thereof; and Article 9 (13) of the Commission's Delegated Directive (EU) 2017/593.

Amendment 66

Proposal for a regulation

Article 1 – paragraph 1 – point 17 b (new)

Regulation (EU) 2015/760

Article 27 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

(17b) in Article 27, the following paragraph is inserted:

'3a. The manager of an ELTIF shall ensure that the provision of information referred to in paragraph 3 complies with the following:

(a) it includes information about the appropriate channels for distribution of the financial instrument, the product approval process and the target market

assessment; and

(b) it is of an adequate standard to enable distributors to understand and recommend or sell the financial instrument properly.';

Or. en

Justification

A fundamental element of adequate retail investor protection consists of ensuring that retail investors are only offered products that are suitable for them, based on their individual financial situation, knowledge, experience, and investment objectives (including risk tolerance). If this is done properly, additional safeguards are unnecessary. It is therefore suggested to align the retail product governance rules with the MiFID (Directive 2014/65/EU), in particular Article 24(2) thereof; and Article 9 (13) of the Commission's Delegated Directive (EU) 2017/593.

Amendment 67

Proposal for a regulation

Article 1 – paragraph 1 – point 19

Regulation (EU) 2015/760

Article 29 – paragraph 6 – subparagraph 1

Text proposed by the Commission

In 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 laid down in this Regulation. For that purpose, the feeder ELTIF shall enter into an agreement with the master **ELTIF**.

Amendment

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

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria and borrowing

requirements as an *ELTIF*.

Amendment 68

Proposal for a regulation

Article 1 – paragraph 1 – point 19

Regulation (EU) 2015/760

Article 29 – paragraph 6 – subparagraph 2

Text proposed by the Commission

That agreement shall be made available, on request and free of charge, to all unit-holders. In the event that both master and feeder *ELTIF* are managed by the same management company, the agreement may be replaced by internal rules on the conduct of business ensuring compliance with the requirements set out in this paragraph.

Amendment

That agreement shall be made available, on request and free of charge, to all unit-holders. In the event that both master and feeder *fonds* are managed by the same management company, the agreement may be replaced by internal rules on the conduct of business ensuring compliance with the requirements set out in this paragraph.

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria and borrowing requirements as an ELTIF.

Amendment 69

Proposal for a regulation

Article 1 – paragraph 1 – point 19

Regulation (EU) 2015/760

Article 29 – paragraph 7 – subparagraph 1

Text proposed by the Commission

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 of the master *ELTIF* until

Amendment

Where the master and the feeder *fonds* 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 of the master *fund* until such

such agreement has become effective.

agreement has become effective.

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria and borrowing requirements as an ELTIF.

Amendment 70

Proposal for a regulation

Article 1 – paragraph 1 – point 19

Regulation (EU) 2015/760

Article 29 – paragraph 7 – subparagraph 2

Text proposed by the Commission

Where they comply with the requirements laid down in this paragraph, neither the depositary of the master **ELTIF** nor that of the feeder ELTIF shall be found to be in breach of 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.

Amendment

Where they comply with the requirements laid down in this paragraph, neither the depositary of the master **fund** nor that of the feeder ELTIF shall be found to be in breach of 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.

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria and borrowing requirements as an ELTIF.

Amendment 71

Proposal for a regulation

Article 1 – paragraph 1 – point 19

Regulation (EU) 2015/760

Article 29 – paragraph 7 – subparagraph 3

Text proposed by the Commission

The feeder ELTIF or, where applicable, the management company of the feeder ELTIF, shall be in charge of communicating to the depositary of the feeder ELTIF any information about the master **ELTIF** which 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, the feeder ELTIF or, where applicable, the management company and the depositary of the feeder ELTIF about any irregularities it detects with regard to the master **ELTIF** which are deemed to have a negative impact on the feeder ELTIF.;

Amendment

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

Or. en

Justification

It is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria and borrowing requirements as an ELTIF.

Amendment 72

Proposal for a regulation

Article 1 – paragraph 1 – point 20

Regulation (EU) 2015/760

Article 30 – paragraph 4

Text proposed by the Commission

4. In case of a master-feeder

Amendment

deleted

structure, the prospectus of the feeder ELTIF shall contain all of the following information:

- (a) a declaration that the feeder ELTIF is a feeder of the master ELTIF;*
- (b) the investment objective and policy, including the risk profile and whether the performance of the feeder and of 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 information on how the prospectus of the master ELTIF can be obtained;*
- (d) a description of all remuneration or reimbursement of costs payable by the feeder ELTIF by virtue of its investment in units of the master ELTIF, as well as of the aggregate charges of the feeder ELTIF and the master ELTIF;*
- (e) a description of the tax implications for the feeder ELTIF of the investment into the master ELTIF .*

Or. en

Justification

It is suggested to delete this paragraph, as it seems redundant in view of the proposed amendments to Article 23.

Amendment 73

Proposal for a regulation

Article 1 – paragraph 1 – point 20

Regulation (EU) 2015/760

Article 30 – paragraph 5

Text proposed by the Commission

5. A feeder ELTIF shall disclose in any marketing communications that it

Amendment

5. A feeder ELTIF shall disclose in any marketing communications ***comprising***

permanently invests 85 % or more of its assets in units of the master **ELTIF**.

an invitation to purchase units or shares of the ELTIF that it permanently invests 85 % or more of its assets in units of the master **fund**.

Or. en

Justification

It is suggested to clarify that this disclosure obligation should only apply in marketing communications that contain an invitation to purchase units or shares of the ELTIF. Furthermore, it is suggested to delete the requirement for an ELTIF feeder to exclusively invest in an ELTIF master, as such requirement creates additional costs and processes making the structure less attractive, while the same goal can be reached by requiring that an ELTIF feeders should invest in an AIF that respects the same asset eligibility, diversification criteria and borrowing requirements as an ELTIF.

Amendment 74

Proposal for a regulation

Article 1 – paragraph 1 – point 20

Regulation (EU) 2015/760

Article 30 – paragraph 8

Text proposed by the Commission

8. Retail investors shall be able, during the subscription period and **at least** two weeks after the **effective date** of the commitment **or subscription** agreement of the units or shares of the ELTIF, to cancel their subscription and have the money returned without penalty.

Amendment

8. Retail investors shall be able, during the subscription period and **during a period of** two weeks after the **signature** of the **initial** commitment agreement of the units or shares of the ELTIF, to cancel their subscription and have the money returned without penalty.

Or. en

Justification

It is suggested to use clearer wording for the possibility for retail investors to cancel their commitment and have their money returned without penalty.

Amendment 75

Proposal for a regulation

Article 2 – paragraph 2

Text proposed by the Commission

It shall apply from [entry into force + 6 months].

Amendment

It shall apply from [entry into force + 9 months]. ***ELTIFs established before the entry into force of this Regulation shall not be required to comply with its provisions.***

Or. en

Justification

Given the closed-ended nature of existing ELTIFs and their nature as long-term funds with illiquid assets as well as to avoid affecting the trust of retail investors in existing ELTIFs, it is suggested to include a grandfathering provision. Furthermore, it is considered that an implementation period of 6 months is too short for the industry and national competent authorities to adapt. Therefore, it is suggested to increase the implementation period to 9 months after the entry into force.

EXPLANATORY STATEMENT

1. Background

As part of its November 2021 Capital Markets Union (CMU) package, the European Commission published a proposal for a Regulation amending Regulation (EU) 2015/760 as regards the scope of eligible assets and investments, the portfolio composition and diversification requirements, the borrowing of cash and other fund rules and as regards requirements pertaining to the authorization, investment policies, and operating conditions of European long-term investment funds (the ‘ELTIF review proposal’).

Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (the ‘ELTIF Regulation’) created a regulatory framework for long-term investments by alternative investment funds (AIFs) in the real economy, such as transport and social infrastructure projects, real assets, and listed and unlisted SMEs. The ELTIF Regulation is aimed at channeling investments by professional and retail investors and providing an alternative, non-bank source of financing supporting smart, sustainable, and inclusive growth of the Union’s economy.

The number of requests for ELTIF authorisations has recently grown in some Member States. Despite distinct advantages offered by ELTIFs’ regime, such as retail passport and well-regulated stable product rules, however, it has become apparent that ELTIFs have not yet reached their full market potential. Indeed, as of March 2022, ESMA’s register of ELTIFs had recorded only 67 ELTIFs, with an approximate total ELTIF Assets under Management (AuM) across Europe of approximately EUR 2.4 billion. When compared to the total EU AIFs market (EUR 6.8 trillion at the end of 2020), ELTIFs currently represent only a tiny fraction of the total EU AIFs market.

Following recommendations made by the High Level Forum (HLF) on the CMU¹, the subsequently revised Commission’s CMU Action Plan² and the Council’s Conclusions

¹ Final report of the High Level Forum on the Capital Markets Union - A new vision for Europe’s capital markets. 10 June 2020.

² Communication from the European Commission. A Capital Markets Union for people and businesses-new action plan. COM(2020) 590 final. 24 September 2020.

inviting the review of the ELTIF framework³, the Commission proposed a set of targeted amendments to the ELTIF Regulation. The ELTIF review proposal aims at accelerating the uptake of ELTIFs across the Union, and thus ensuring the increased financing of long-term projects throughout the Union..

2. Procedure in the European Parliament

The Committee on Economic and Monetary Affairs (ECON) was appointed as the lead Committee to deal with the proposal.

3. Draft Report

Your Rapporteur enthusiastically welcomes the ELTIF review proposal. He supports the overall direction of the proposed targeted amendments to the ELTIF Regulation to improve the attractiveness and effectiveness of the ELTIF framework for investors and investment managers alike, such as in particular:

- The introduction of certain carve-outs from the application of some regulatory requirements pertaining to diversification and borrowing of cash for those ELTIFs marketed exclusively to professional investors. By distinguishing between retail and professional investors in ELTIFs, this approach departs from the “one-size-fits-all” approach of the ELTIF Regulation and thus contributes to incentivising investment managers to develop ELTIFs that appeal to these categories of investors.
- The removal of unnecessary barriers preventing retail investors from accessing ELTIFs and thus benefiting from long-term investment opportunities while contributing to the financing of the EU real economy, particularly the removal of the EUR 10 000 entry investment requirements and the maximum 10 % aggregate threshold requirement for retail investors with financial portfolios below EUR 500 000.

³ Council of the European Union Conclusions on the Commission’s CMU Action Plan. Reference 12898/1/20. ECOFIN 1023. Point 19(e). Adopted 2 December 2020.

- The expanded scope of eligible assets and investments, with notably an increased market capitalization threshold and lower restrictions on real asset holdings.
- The alignment of the ELTIF suitability test with that of MiFID II, which ensures sufficient levels of investor protection within a well-regulated framework and allows investment managers and distributors to rely on a well-familiar method with a broad market acceptance for onboarding new clients and marketing financial products, while not being obliged to apply a separate but largely overlapping and thus costly and cumbersome product distribution regime.
- More flexible fund rules, including concerning fund-of-fund investments and master-feeder structures.
- The introduction of an optional liquidity window mechanism which allows investors the possibility to exit an ELTIF investment earlier subject to certain conditions without affecting the ELTIF's capital.

At the same time, however, your Rapporteur is of the opinion that the ELTIF review proposal can further be improved through a more ambitious approach towards several key features. To further accelerate the creation and development of ELTIFs, he particularly suggests strengthening the ELTIF review proposal with further modifications (see below).

While some provisions of the current ELTIF Regulation aimed at increasing investor protection, *de facto* they acted as unjustified barriers to retail participation, or even induced retail investors to invest in less regulated financial products or assets. The ELTIF review proposal introduces major improvements in this regard, most notably the alignment of the investor protection regime with that of MiFID II. Indeed, currently the *ad hoc* sectoral ELTIF suitability test is largely duplicative of the stringent MiFID II suitability test. This duplication is a source of practical application questions, uncertainty and confusion, and creates excessive additional costs that are ultimately passed on to investors.

A fundamental element of adequate retail investor protection consists of ensuring that retail investors are only offered products that are suitable for them, based on their individual financial situation, knowledge, experience, time horizons, and investment objectives (including risk tolerance). Your Rapporteur considers that, if this is done properly, additional

safeguards are less necessary. The applicable MiFID II regime is familiar, commonly recognized and well-understood by distributors. In the same spirit as the Commission's proposed amendments for alignment of investor protection rules, your Rapporteur therefore underlines the current applicability of the requirements of the MiFID II rules where the marketing or placing of ELTIFs to retail investors is done through a distributor or the AIFM providing an investment service. To further underline this interaction with the MiFID II rules, the ELTIF proposal may benefit from a clarification pertaining to the application of the MiFID II product governance rules where there is no investment service provided.

In order to fulfil the potential that ELTIFs have, your Rapporteur defends a bold and ambitious reform of their regulatory framework. On the condition of ensuring appropriate investor protection, he favors making it easier to set up ELTIFs. Indeed, more flexibility for investment managers would, in turn, better serve the interests of retail and professional investors, channel more investments to a broader range of long-term assets, and thus ultimately benefit the Union's real economy.

On top of the amendments already contained in the Commission's ELTIF review proposal, the direction of which he fully supports, further suggestions by your Rapporteur to recalibrate the ELTIF framework include:

- An increase of the market capitalization threshold for listed qualifying portfolio undertakings to EUR 2 billion, which would allow investment managers to include a broader scope of mid-cap companies in ELTIF funds;
- A removal of the minimum threshold for investment in real assets, in order to capture a broader range of potential real assets, including smaller value projects;
- A removal of the restriction to investment in EU-only AIFs, which would not only lead to more risk diversification for investors but also benefit EU businesses that are supported through non-EU AIFs;
- A lower minimum requirement for investment in ELTIF eligible long-term assets of 50%, which would better reflect needs of retail investors, improve ELTIFs' liquidity profile and thus overall result in ELTIFs channeling more investments to long-term projects;

- A removal of the proposed 40% maximum threshold on the amount of capital that ELTIFs can invest through fund-of-funds structures, which would promote rapid deployment of capital in an efficient manner, allow ELTIFs to take advantage of increased diversification and lower volatility to the ultimate benefit of investors;
- More flexible rules on master-feeder structures, in particular by allowing ELTIFs to invest into a master AIF that does not itself qualify as an ELTIF master fund as long as it is managed by an EU AIFM in line with the ELTIF requirements, thus facilitating the pooling of assets and the diversification benefits, reducing operational complexity, such as duplication of regulatory approval processes, setting-up and running costs.
- Quarterly instead of monthly reporting by National Competent Authorities (NCAs) to ESMA, thus lowering administrative burden;
- An optional evergreen fund structure alongside the existing closed-end structure, i.e. a permanent vehicle with no termination date that would enable asset managers to focus on long-term capital appreciation for investors, while also increasing flexibility regarding redemption terms for investors.
- A more prudent approach regarding the publication of sensitive information/documents which could hamper the success of ELTIFs as such fund documentation (incorporation information/documents, annual reports and prospectuses, which are generally not available to the public); and
- A grandfathering provision, so as to ensure legal certainty of existing ELTIFs and the stability of the portfolio composition and the investment strategy of existing ELTIFs.

4. Way forward

Your Rapporteur emphasises that his draft report constitutes merely a starting point for ECON's work on the ELTIF review. He looks forward to the contributions of the shadow rapporteurs, which he will approach with an open mind and a constructive attitude.