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COMMISSION DELEGATED REGULATION (EU) .../...

of XXX

supplementing Regulation (EU) 2015/760 of the European Parliament and of the Council with regard to regulatory technical standards specifying obligations concerning hedging derivatives, redemption policy and liquidity management tools, trading and issue of units or shares of an ELTIF, and transparency requirements and repealing Delegated Regulation (EU) 2018/480

(Text with EEA relevance)

COMMISSION DELEGATED REGULATION (EU) .../...

of **XXX**

supplementing Regulation (EU) 2015/760 of the European Parliament and of the Council with regard to regulatory technical standards specifying obligations concerning hedging derivatives, redemption policy and liquidity management tools, trading and issue of units or shares of ~~an ELTIF~~, a European long-term investment fund (ELTIF), and transparency requirements and repealing Delegated Regulation (EU) 2018/480

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds, and in particular Article 9(3), third paragraph, Article 18(6), fourth subparagraph, Article 19(5), third subparagraph, Article 21(3), third subparagraph and Article 25(3), fourth subparagraph thereof,

Whereas:

- (1) With respect to the specification of the criteria for establishing the circumstances in which the use of financial derivative instruments can be considered to solely serve the purpose of hedging the risks inherent to the investments of ~~an ELTIF~~, a European long-term investment funds (ELTIF), as referred to in Article 9(2), point (d), of Regulation 2015/760, the financial derivative instruments that should be considered are those the underlying of which corresponds to the assets to which an ELTIF has or would have exposures and, where the exposure to such an asset is not available, the underlying of which corresponds to the asset class to which an ELTIF has or would have exposure. That is in particular because in certain cases a financial derivative instrument to hedge an exposure to a specific item is not available, but rather as an item among others included in an index which is the underlying of a financial derivative instrument. In addition, the use of financial derivative instruments might in some cases serve the purpose of hedging the risks inherent to the investments of an ELTIF only where such strategy is combined with trades in certain assets. ~~In order to~~To ensure that the use of financial derivative instruments solely serves the purpose of hedging the risks inherent to the investments of an ELTIF, the financial derivative instruments should reduce effectively the relevant risk. The reduction of risk should be verifiable through systems identifying the risks intended to be mitigated and the way in which the derivative would mitigate such risk. Since ELTIFs should not be allowed to invest in financial derivative instruments other than for the purpose of hedging the risks inherent to their own investments, the use of the financial derivative instruments primarily aimed to provide a return for the ELTIF should not be deemed to serve the purpose of hedging the risks.

(2) The results, assumptions and inputs used for liquidity stress tests, where such liquidity stress tests are carried out in accordance with Article 15(3), point (b) or Article 16(1) of Directive 2011/61/EU of the European Parliament and of the Council¹, which should among the minimum information to be provided by the manager of an ELTIF to the competent authority of the ELTIF under Article 18(2), first subparagraph, point (b), of Regulation (EU) 2015/760, could allow the managers of ELTIFs to demonstrate whether and how, in severe but plausible scenarios, the ELTIF is able to deal with redemption requests. The results, assumptions and inputs used for carrying out such liquidity stress tests in accordance with Article 15(3), point (b) or Article 16(1) of Directive 2011/61/EU should enable the assessment of the stress scenarios for the assets and liabilities, including redemption and collateral shocks, and the decrease in the value of the assets.

(2)(3) When assessing whether the life of an ELTIF is compatible with the life cycles of each of the individual assets of the ELTIF, as referred to in Article 18(3) of Regulation (EU) 2015/760, the manager of an ELTIF should consider, given the long-term nature of the ELTIF, the liquidity profile of each of the ELTIF's individual assets, the liquidity profile of the ELTIF's portfolio on a weighted basis, the criteria on the timing of acquisition of those assets, and their valuation. During that assessment, given its interaction with the liquidity of the ELTIF, the manager of an ELTIF should also consider, where the ELTIF provides for the possibility of redemptions during the life of the ELTIF, the redemption policy of the ELTIF.

(3)(4) The criteria to determine the minimum holding period referred to in Article 18(2), first subparagraph, point (a), of Regulation (EU) 2015/760 should ensure that the length of such minimum holding period is consistent with the time necessary to complete the investment of the ELTIF's capital contributions. It follows that the longer that time, the longer the minimum holding period should generally be. That minimum holding period is a period that locks the capital at investor level and which the ELTIF applies at the beginning of its life. However, to ensure fair treatment of investors and financial stability, ELTIF managers should be able to implement lock-up periods for subsequent investors and apply the same abovementioned criteria.

(4)(5) The criteria to determine the minimum holding period should also take into account whether the ELTIF concerned allows for redemptions throughout the life-cycles of the assets, the life of the ELTIF, the redemption policy, the valuation procedure and other circumstances and conditions under which the ELTIF may allow redemptions, including the investor base of the ELTIF.

(5)(6) To ensure investor protection and financial stability, the information referred to in Article 18(2), first subparagraph, point (b), of Regulation (EU) 2015/760 should relate in particular to the valuation procedures of the ELTIF, the liquidity stress tests conducted by the manager of the ELTIF including the methodology and parameters used in that stress test, the procedures detailing which liquidity management tools are available, and the calibration and activation of those liquidity management tools. To facilitate and improve the supervision of ELTIFs, the competent authority of the home Member State of the manager of the ELTIF, where different from the competent

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

authority of the ELTIF, should supplement and integrate the set of information provided by the manager of the ELTIF when so requested by the competent authority of the home Member State of the ELTIF.

~~(7)~~ In line with Directive (EU) 2011/61, The manager of an ELTIF should implement, in accordance with Directive 2011/61/EU, detailed policies and procedures for the activation and deactivation of any selected liquidity management tool and the operational and administrative arrangements for the use of any selected liquidity management tool. The liquidity management tools that the manager of an ELTIF puts in place, their calibration, and the conditions under which the manager of the ELTIF would activate those tools should be clearly described in the rules or instruments of incorporation or in the prospectus of the ELTIF.

~~(6)~~(8) The redemption policy of the ELTIF and the use of liquidity management tools imply, given an ELTIF is an ~~AIF~~ Alternative Investment Fund (AIF) according to the requirements of Directive 2011/61/EU, the availability of the valuation procedures for the redemptions and subscriptions in line with the requirements set out in that Directive. The manager of the ELTIF should be able to perform a reliable, sound and updated valuation of the assets of the ELTIF. The redemption policy and the valuation procedures of an ELTIF should also ensure a level of liquidity of the ELTIF's underlying assets that is appropriate to avoid liquidity mismatches. The manager redemption policy of an the ELTIF should put in place as shall contain the length of the minimum notice period for allowing redemptions of the ELTIF's and the extended notice period that that unitholders or shareholders must give to fund managers when redeeming their units or shares- of the ELTIF.

~~(7)~~(9) To ensure a fair treatment of remaining and redeeming investors, the valuation should ensure that the redemption prices reflect the fair value of underlying assets at all times. The manager of an ELTIF should also ensure consistency between the frequency of calculation of the net asset value of the ELTIF, the availability of a reliable, sound, and updated valuation of ELTIF's assets, and the frequency of redemptions during the life of the ELTIF.

~~(8)~~ To avoid dilution of remaining investors in the ELTIF, and mitigate any potential risk to financial stability, that may be driven by first mover advantage related issues, the manager of an ELTIF should select and implement at least one anti-dilution liquidity management tool, which could be anti-dilution levies, swing pricing or redemption fees.

~~(9)~~(10) To pre-determine on an ex-ante basis the maximum liquidity to be offered in an ELTIF and to reduce the probability of suspension of an ELTIF, the manager of an ELTIF should be able to implement redemption gates. The use of gates should relate to different types of situations, including to stressed market situations. Such stressed market situations may comprise situations where there are numerous or voluminous redemption requests at the same redemption point and the sale of assets to meet the requests is either impossible or implies a sale at a highly discounted price.

~~(10)~~(11) The criteria to assess the redemption percentage referred to in Article 18(2), point (d), of Regulation (EU) 2015/760 should ensure that that percentage takes into account the variety of ELTIFs, their liquidity profile, the notice period, the planned and expected frequency of redemptions of the ELTIF, and the financial performance of the ELTIF.

- (12) For the purposes of assessing the redemption percentage referred to in Article 18(2), point (d) of Regulation (EU) 2015/760, ELTIFs should manage liquid assets in conservative manner and consider future cash flows.
- (13) The maximum percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 should be an integral part of the redemption policy of the ELTIF and should be determined by the manager of the ELTIF either on the basis of the redemption frequency and the extended notice period of the ELTIF, or on the basis of the redemption frequency and the minimum percentage of liquid assets. Where the redemption frequency or the notice period do not correspond to the parameters set out in the calibration table provided to the ELTIF manager, the linear approximation should be used to determine the maximum percentage of assets referred to Article 18(2), first sub-paragraph, point (d).
- ~~(11)~~(14) Providing for the possibility of using the matching mechanism under Article 19(2a) of Regulation (EU) 2015/760, during the life of the ELTIF, should not be deemed to prohibit other forms of secondary transfers if this is explicitly agreed between the transferring investors and the rules or instruments of incorporation of the ELTIF do not prohibit such transfers.
- ~~(12)~~(15) In relation to the matching mechanism referred to in Article 19(2a) of Regulation (EU) 2015/760, that for the purpose of this Regulation should not be considered a multilateral system, and the possibility of redemptions during the life of the ELTIF referred to in Article 18(2) of ~~that same~~ Regulation (EU) 2015/760, it is ~~important~~necessary to specify certain requirements to clarify the functioning of this newly established mechanism. The circumstances for the use of matching requirements should relate to the transfer process for both exiting and potential investors, the role of the manager of the ELTIF in conducting transfers, the matching of respective requests, the requirements on the determination of the execution price and the proration conditions, the level of the fees, costs and charges related to the transfer process, and the timing and the nature of the disclosure of information to investors, ~~which should be published on the website of the manager of the ELTIF,~~ with respect to the transfer conditions. ~~In order to~~To avoid any arbitrage, where the execution price is not based on the net asset value of the ELTIF, the execution price should be implemented outside the valuation dates of the ELTIF. In relation to the rules on proration conditions, where unexecuted requests are not automatically carried over to the next exit date, investors should be offered an opportunity to take any of the following actions: restate their orders; leave their residual matching requests in place in anticipation of future matching; or withdraw their residual/outstanding matching interest.
- ~~(13)~~(16) The assessment of the market for potential buyers to be included in the schedule for the orderly disposal of the assets of the ELTIF, as referred to in Article 31(2), point (a), of Regulation (EU) 2015/760, should take into account market risks, and thus assess, *inter alia*, whether potential buyers are dependent on obtaining loans from third parties, whether there is a risk of illiquidity of the assets before sale, whether there are risks associated with political changes or legislative changes, including fiscal reforms, and whether there is a risk of deterioration of the economic situation in the market which is relevant to the ELTIF assets.
- ~~(14)~~(17) The valuation of the assets to be included in the schedule for the orderly disposal of the assets of the ELTIF should be carried out at a moment in time that is sufficiently close to the beginning of the disposal of the assets. An ELTIF that has

already valued those assets in accordance with Directive 2011/61/~~EU of the European Parliament and of the Council~~² at EUat a moment in time that is sufficiently close to the beginning of the disposal of those assets should not be required to revalue those assets.

~~(15)~~(18) Article 21(1) of Regulation (EU) 2015/760 was amended by Regulation (EU) 2023/606 of the European Parliament and the Council³ to replace the obligation for an ELTIF to submit to its competent authority an itemised schedule for the orderly disposal of its assets at the latest one year before the end of the life of the ELTIF, with an obligation to submit such schedule when requested to do so. It follows that there should no longer be any references to the mandatory disclosure of the itemised schedule for the orderly disposal of the assets of the ELTIF.

~~(16)~~(19) To ensure a common approach to the application of Regulation (EU) 2015/760 in relation to costs disclosure, it is necessary to lay down that such disclosure of costs encompasses all costs borne directly or indirectly by investors.

~~(17)~~(20) Pursuant to Article 4(1) of Regulation (EU) No 1286/2014 of the European Parliament and of the Council⁴, units or shares in a retail ELTIF qualify as packaged retail investment product. It follows that, pursuant to Article 5(1) of that Regulation, the manager of an ELTIF has to draw up a key information document disclosing the costs related to such ELTIFs, and provide prospective retail investors with that document, in addition to the prospectus.

~~(18)~~(21) In the interest of clarity, coherence and legal certainty, it is appropriate to repeal Delegated Regulation (EU) 2018/480, and integrate those provisions of Delegated Regulation (EU) 2018/480 that do not need to be amended or deleted in light of Regulation (EU) 2023/606.

~~(19)~~(22) This Regulation is based on the draft regulatory technical standards submitted to the Commission by the European Securities and Markets Authority (~~ESMA~~).

~~(20)~~(23) ~~ESMA~~The European Securities and Markets Authority has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the advice of the Securities and Markets Stakeholder Group established by Article 37 of Regulation (EU) No 1095/2010 of the European Parliament and of the Council⁵.

~~(21)~~(24) ~~Given that Regulation (EU) 2023/606 has already entered into force on 9 April 2023 and applies as of 10 January 2024, to provide legal certainty pertaining to~~

² ~~Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1).~~

³ Regulation (EU) 2023/606 of the European Parliament and of the Council of 15 March 2023 amending Regulation (EU) 2015/760 as regards the requirements pertaining to the investment policies and operating conditions of European long-term investment funds and the scope of eligible investment assets, the portfolio composition and diversification requirements and the borrowing of cash and other fund rules (OJ L 80, 20.3.2023, p. 1, ELI: <http://data.europa.eu/eli/reg/2023/606/oj>).

⁴ 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, ELI: <http://data.europa.eu/eli/reg/2014/1286/oj>).

⁵ Regulation (EU) No 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/77/EC (OJ L 331, 15.12.2010, p. 84)-84, ELI: <http://data.europa.eu/eli/reg/2010/1095/oj>).

~~the authorisation, operational conditions and marketing of ELTIFs it is necessary that this Regulation enters into force on the day following that of its publication, given it is important that that enters into force as soon as possible after the date when Regulation (EU) 2023/606 enters into force,~~

HAS ADOPTED THIS REGULATION:

Article 1

The use of financial derivative instruments for hedging purposes

The use of financial derivative instruments shall be considered as solely serving the purpose of hedging the risks inherent to other investments of the European long-term investment fund (ELTIF) as referred to in Article 9(2), point (d), of Regulation (EU) 2015/760, where all of the following conditions are fulfilled:

- (a) the use of the financial derivative instruments is economically appropriate for the ELTIF at the ELTIF level and is ~~both cost effective and~~ consistent with the risk-profile of the ELTIF;
- (b) the use of the financial derivative instruments aims at a verifiable ~~and objectively measurable~~ reduction of the risks at the ELTIF level, ~~including in stressed market conditions~~;
- (c) the underlying of the financial derivative instrument is an asset to which an ELTIF has or would have exposures, and where the exposure to such an asset is not available the underlying of the financial derivative instruments the same or economically similar asset class to which an ELTIF has or would have exposures.

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

Article 2

Circumstances in which the life of an ELTIF is to be considered compatible with the lifecycles of each of its individual assets

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

- (a) the liquidity profile of each of the individual assets of the ELTIF and the liquidity profile of the ELTIF's portfolio on a weighted basis;
- (b) the timing of the acquisition and the disposal of each of the individual assets of the ELTIF, assessed against the background of the economic life cycle of the assets, and the life of the ELTIF;
- (c) the stated investment objective of the ELTIF;

- (d) where the rules or instruments of incorporation of an ELTIF stipulate that redemptions are possible during the life of the ELTIF, the redemption policy of the ELTIF;
- (e) the cash management needs and expected cash-flow and liabilities of the ELTIF;
- (f) the possibility to roll over or terminate the exposure of the ELTIF to the individual assets of the ELTIF;
- (g) the availability of a reliable, sound and up-to-date valuation of the assets in the ELTIF's portfolio;
- (h) the portfolio composition and the life-cycle management of the ELTIF's assets throughout the life of the ELTIF.

Article 3

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

1. Where the manager of an ELTIF chooses to establish a minimum holding period, that manager shall, when determining the minimum holding period referred to in Article 18(2), first subparagraph, point (a), of Regulation (EU) 2015/760 consider at least all of the following:
 - (a) the long-term nature and investment strategy of the ELTIF;
 - (b) the underlying asset classes of the ELTIF, their liquidity profile and their position in their life cycle;
 - (c) the ELTIF's investment policy and the extent to which the ELTIF takes part in the investment policy and governance of the underlying assets in which the ELTIF invests;
 - (d) the investor base of the ELTIF and, where the ELTIF can be marketed to retail investors, the expected aggregate concentration of retail investors and, where the ELTIF can solely be marketed to professional investors, information on the degree of concentration of the ownership of the professional investors in the ELTIF;
 - (e) the liquidity profile of the ELTIF;
 - (f) the procedures for the valuation of the ELTIF's assets and the time ~~needed~~required to produce a reliable, sound and up-to-date (based on the most recent data) ~~valuation-of-the-investments~~;
 - (g) the extent to which the ELTIF lends or borrows cash, grants loans, or enters into securities lending, securities borrowing, repurchase transactions or any other agreement which has an equivalent economic effect and poses similar risks;
 - (h) the portfolio composition and diversification of the ELTIF;
 - (i) the average and mean length of life of the assets of the portfolio of the ELTIF;
 - (j) the duration and the characteristics of the life-cycle of the ELTIF and the ELTIF's redemption policy;
 - (k) the timeframe for the investment phase of the strategy of the ELTIF;

- (1) whether the minimum holding period is consistent and commensurate with the time necessary to complete the investment of the ELTIF's capital contributions, in particular, whether that minimum holding period covers at least the initial investment phase of the ELTIF and, unless duly justified by the manager of the ELTIF, whether the minimum holding period lasts at least until the ELTIF's aggregate capital contributions have been invested.
2. The manager of the ELTIF shall be able to ~~demonstrate~~justify to the competent authority of the ELTIF, upon request by the latter, on the basis of the criteria set out in paragraph 1, the appropriateness of the duration of the minimum holding period of the ELTIF and its compatibility with the valuation procedures and the redemption policy of the ELTIF.

Article 4

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

1. Where the rules or instruments of incorporation of an ELTIF provide for the possibility of redemptions during the life of the ELTIF, the manager of an ELTIF shall provide the competent authority of the ELTIF, at the time of authorisation of the ELTIF, with all of the following information:
 - ~~(a)~~ — the redemption policy of the ELTIF;
 - (a) , which shall include and clearly indicate the information on the periodicity and the duration of the redemptions;
 - (b) the conditions and procedures for requesting redemptions and for processing the redemption requests received;
 - (c) the ~~persons or~~ entities responsible for managing the redemption process and the systems used to document the redemptions;
 - (d) a description of how the assets and liabilities of the ELTIF are adequately managed in case of redemptions;
 - (e) a description of the procedures to prevent redemptions causing dilution effects for investors;
 - (f) a description of the valuation procedures of the ELTIF demonstrating ~~that at each valuation date the ELTIF has substantial, reliable, sound and up-to-date data on each of its assets~~ such valuations and calculations is carried out at a frequency which is both appropriate to the assets held by the ELTIF, and its issuance and redemption frequency as referred to in Article 19(3) of Directive 2011/61/EU;
 - (g) the results, assumptions and inputs used for liquidity stress tests, where such liquidity stress tests ought to be carried out in accordance with ~~Articles~~Article 15(3)~~(f)~~, point (b) or Article 16(1) of Directive 2011/61/EU; demonstrating whether and how, in severe but plausible scenarios, the ELTIF is able to deal with redemption requests;
 - (h) the liquidity offered to investors of the ELTIF and the liquidity profiles of the assets of the ELTIF under normal and stressed conditions;

- (i) a description of the available liquidity management tools, the procedures for implementing and calibrating them, and the conditions for their activation;
- (j) any other information that the competent authority of the ELTIF considers ~~necessary~~relevant to assess whether the redemption policy of the ELTIF and the liquidity management tools meet the requirements set out in Regulation (EU) 2015/760.

~~For the purpose of point (h), the results, assumptions and inputs used for carrying out liquidity stress tests shall include the stress scenarios for the assets and liabilities, including redemption and collateral shocks, and the decrease in the value of the assets.~~

~~2. The manager of the ELTIF shall inform the competent authority of the ELTIF, as soon as practically possible and not later than within 3 business days from the date the material change to the information provided in paragraph 1 became known or should have become known to the manager of the ELTIF, whenever there is a material change to that information, or whenever there are material changes to any other elements that may affect the redemption policy, including:~~

- ~~(a) the results of liquidity stress tests conducted after the authorisation of the ELTIF;~~
- ~~(a) the implementation of the liquidity management tools after the authorisation of the ELTIF;~~
- ~~(b) the implementation of the derogation referred to in Article 18(2) of Regulation (EU) 2015/760.~~

~~In such a case, the manager of the ELTIF shall provide to the competent authority of the ELTIF an updated version of the information set out in paragraph 1 within 20 business days.~~

3. Throughout the life of the ELTIF, the manager of an ELTIF shall also provide all of the following information, upon request from the competent authority of the ELTIF:

- ~~(c) updated information on the valuation of assets and on whether and how that valuation is sufficiently substantive, reliable, and in line with the redemption policy of the ELTIF to prevent any possible dilution effects for remaining investors in the ELTIF;~~
- (a) updated and detailed information on whether the liquidity management tools of the ELTIF have been activated and used to manage redemption requests, and if so, in which circumstances and how;
- (b) the updated results of the liquidity stress tests, ~~as well as~~and the updated assumptions and inputs used for carrying out the liquidity stress tests performed, under ~~normal and~~ exceptional and stressed market conditions.

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

1. An ELTIF shall make the redemption policy referred to in Article 18(2), first subparagraph, points (b) and (c), of Regulation (EU) 2015/760 available to its investors at all times in the prospectus or on the website of the manager of the ELTIF. The redemption policy of the ELTIF shall contain all of the following elements:
 - (a) the conditions under which and the time window within which redemptions can be granted during the life of the ELTIF;
 - (b) the frequency or periodicity at which redemptions can be granted;
 - (c) the procedures that need to be followed, the requirements that need to be fulfilled and timing limitations, if any, applicable to the redemptions, including:
 - ~~(i)~~ (i) the ~~procedures, minimum~~ notice period and ~~frequency or periodicity extension~~ of ~~requests~~ the notice period;
 - ~~(ii)~~ (ii) the conditions and procedures for redemptions requests;
 - ~~(iii)~~ (iii) the role and responsibilities of the entities ~~and persons~~ involved in the procedures and the requirements for the granting of redemptions;
 - ~~(d)~~ (d) ~~a description of the method and internal processes for the valuation of the assets of the ELTIF throughout the life of the ELTIF;~~ whether the requests for redemptions that have not been fully satisfied, due to the application of pro-rata, will automatically be cancelled or whether they will be still valid, for the remaining part, and count for future redemptions;
 - ~~(e)~~ (e) a description of how and within which time investors will be repaid;
 - ~~(f)~~ (f) ~~where~~ whether the ELTIF rules or instruments of incorporation provide for the possibility of repayments in kind out of ELTIF's assets, as referred to in Article 18(5), of Regulation (EU) 2015/760, ~~the most recently available valuation of those assets at the moment of their delivery to investors as repayments~~;
 - ~~(g)~~ (g) ~~whether the ELTIF includes a~~ minimum holding period established by the ELTIF manager in accordance with Article 3, and if so the duration and conditions for the minimum holding period;
 - (h) a description of the available liquidity management tools and of the conditions for their activation. ~~Where~~;
 - (i) the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760.

For the purposes of point (h), where ELTIF are marketed to retail investors, the description of the liquidity management tools shall be explained in non-technical terms in an effort to maximise retail investors' understanding of the tools;

 - ~~(i)~~ (i) ~~the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760.~~

2. When adopting the redemption policy of an ELTIF, the manager of the ELTIF shall take into account all of the following features of the ELTIF, ~~which shall also constitute information to be provided to the competent authority of the ELTIF, as referred to in Article 4(1)~~, to assess the liquidity profile of the ELTIF:
- (a) the composition of the portfolio of the ELTIF, including the assets referred to in Article 9(1), point (b) of Regulation (EU) 2015/76;
 - (b) the life of the ELTIF;
 - (c) the liquidity profile of the ELTIF and methods and the documented process for the valuation of the assets of the ELTIF;
 - (d) the market conditions and material events that may affect the possibility of the manager of the ELTIF to implement the redemption policy;
 - (e) the minimum holding period established by the ELTIF manager pursuant to Article 3 and the criteria used by the manager of the ELTIF to determine that minimum holding ~~period~~reperiod, where available;
 - (f) the available liquidity management tools, of their calibration and of the conditions for their activation;
 - (g) the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760, together with the criteria used by the manager of the ELTIF to determine that percentage;
 - (h) if and how redemptions occur on a pro rata basis;
 - (i) the liquidity stress tests, where such liquidity stress tests ought to be carried out in accordance with ~~Articles~~Article 15(3)(c), point (b) and Article 16(1) of Directive 2011/61/EU, and their results, and of how the interests of investors will be protected.

The features referred to in the first subparagraph shall also constitute information to be provided to the competent authority of the ELTIF in accordance with Article 4(1).

3. Throughout the life of the ELTIF, the redemption policy shall be sound, well-documented and consistent with the ELTIF's investment strategy and the liquidity profile of the ELTIF. The different features of the redemption policy, including the redemption frequency, the minimum holding period, where applicable, the ~~period~~date referred to in Article 17(1), point (a)), of Regulation (EU) 2015/760, and the ~~minimum~~ notice period ~~referred to in paragraph 6~~and the extension of the notice period shall be consistent with the nature and the level of liquidity of the ELTIF's underlying assets.

~~The information that a manager of an ELTIF shall provide throughout the life of the ELTIF shall also include the information referred to in paragraph 2 of this Article, which~~The manager of an ELTIF shall take into account the results of the back-testing performed and the new information acquired by the manager of the ELTIF throughout the life of the ELTIF.

- 4a. 4. — In accordance with ~~Article 19 of Directive 2011/61/EU~~Where redemptions take place more frequently than on a quarterly basis, the manager of the ELTIF shall be able to perform a reliable, sound and updated valuation of the assets of the ELTIF at each redemption point of the units or shares of the ELTIF. To that end, the manager of the ELTIF shall ensure that:

- ~~(a) the frequency of redemptions is consistent with the actual possibility to have a valuation of assets that is reliable, sound and up to date;~~
- ~~(a) when valuating the assets in which the ELTIF invests, all reasonably available data are used including the financial information of the qualifying portfolio undertakings, where available;~~
- ~~(b) the costs of the asset valuation and the impact of the disposal of assets on the ELTIF are taken into account~~

~~4a. The frequency of redemptions shall be, as a maximum, quarterly, except where the manager of the ELTIF can justify to the competent authority of the ELTIF a higher frequency, on the basis of the appropriateness of the redemption frequency and its compatibility with the individual features of the ELTIF referred to in paragraph 2 of this Article and the actual possibility to have a reliable, sound and updated valuation of the assets of the ELTIF.~~

~~5. Redemptions shall only be possible after a notice period is given by each investor. The manager of the ELTIF shall determine the length of that notice period based on the liquidity profile of the underlying assets of the ELTIF, and the time it takes to sell those assets under normal and stressed market conditions.~~

~~5a. The notice period shall be a minimum of 12 months.~~

6. Notwithstanding paragraph 5a of this Article, The maximum percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 shall be an ELTIF may allow investors to redeem their shares with a notice period of less than 12 months. In such case, the notice period integral part of the redemption policy of the ELTIF and shall be calibrated at the discretion of the manager of the ELTIF based upon either:

- (a) the redemption frequency and the extended notice period of the ELTIF, in accordance with either option 1, or option 2, or option 3 as set out in Annex I, or
- (b) the redemption frequency and the minimum percentage of liquid assets as referred to in Article 9(1), point (b) of Regulation (EU) 2015/760, and taking into account the as set out in Annex II.

The maximum percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760, in accordance with the table below: of the ELTIF set out in Annex I or Annex II to this Regulation, as the case can be, is to be assessed on a forecasted basis for a period of 12 months.

Redemption Notice period	Minimum percentage of liquid assets	Maximum percentage referred in Article 18(2)(d)
Less than 1 year to 9 months (included)	13%	50%
Less than 9 months to 6 months (included)	27%	45%
Less than 6 months to 3 months (included)	40%	40%

Less than 3 months to 1 month (included)	40%	35%
Less than 1 month	40%	20%

~~Where the amount of liquid assets of the ELTIF breaches the requirements set out in the first subparagraph, the ELTIF manager shall, within an appropriate period of time, take such measures as are necessary to reconstitute the minimum percentage of the liquid assets, taking due account of the interests of the investors in the ELTIF.~~

Where the notice period is less than 3 months, the manager of the ELTIF shall provide the competent authority of the ELTIF with a justification ~~why the notice period is less than 3 months and~~ how that notice period is consistent with the requirements laid down in the first subparagraph individual features of ~~this paragraph~~ the ELTIF and the interest of investors of the ELTIF.

7. The manager of the ELTIF ~~shall~~ may select and implement at least one anti-dilution liquidity management tool, among anti-dilution levies, swing pricing and redemption fees. ~~In addition to that or those anti-dilution tool(s), the manager of the ELTIF may also select and implement other liquidity management tools.~~

~~By way of derogation~~ In addition to anti-dilution tools referred to in the first subparagraph, ~~in specific circumstances,~~ the manager of the ELTIF may also select and implement other liquidity management tools ~~than those referred to in the first subparagraph, in which. In such a case,~~ the manager of the ELTIF shall provide the competent authority of the ELTIF with information to justify why, on the basis of the individual features of the ELTIF set out in paragraph 2, the liquidity management tools referred to in the first subparagraph are not adequate for ~~this~~ that specific ELTIF and why another set of liquidity management tools would be more appropriate, and taken due account of the interests of investors.

- ~~8. The manager of an ELTIF shall also implement redemption gates in accordance with the table set in paragraph 6, first subparagraph, as well as in certain specific circumstances, including situations where redemptions gates are needed to mitigate any potential risk to financial stability and, in stressed market conditions, where numerous or voluminous redemption requests could be received by the manager of the ELTIF at the same redemption point and where the sale of assets to meet those requests is either impossible or implies a sale at a highly discounted price.~~

- ~~9. The manager of an ELTIF shall implement detailed policies and procedures for the activation and deactivation of any selected liquidity management tool and the operational and administrative arrangements for the use of any selected liquidity management tool. The liquidity management tools that the manager of an ELTIF puts in place as well as their calibration and the conditions under which the manager of the ELTIF would activate those tools shall be clearly described in the rules of the ELTIF or in its instruments of incorporation and in the prospectus of the ELTIF.~~

10. ELTIFs that can solely be marketed to professional investors may ask the competent authority of the ELTIF to be exempted from providing the competent authority with the information referred to in paragraph 6, third subparagraph, and 7, second subparagraph.

Article 6

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

1. ~~+~~When determining the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760, the manager of an ELTIF shall take into account all of the following elements:
 - (a) the liquidity profile of the ELTIF, the assets and liabilities of the ELTIF, the risk of liquidity mismatches and the expected inflows and outflows of the ELTIF;
 - (b) the life cycle of the assets of the ELTIF, the life of the ELTIF, the overall stability of the investment strategy of the ELTIF throughout its life and the potential market events that may affect the ELTIF;
 - (c) the planned and expected frequency of redemptions of the ELTIF and the risks of dilution effects of such redemptions for investors;
 - (d) the availability and nature of existing liquidity management tools;
 - (e) the financial performance of the ELTIF, including the free cash flows and the balance sheet of the ELTIF;
 - (f) potential market circumstances and conditions that would affect the ELTIF when the percentage is set or the extent to which the units or shares of the ELTIF can be redeemed;
 - (g) the availability of reliable information on the valuation of the assets of the ELTIF;
 - (h) the stability and the investment strategy of the ELTIF and its portfolio composition following the potential redemptions throughout the life cycle of the ELTIF to ensure that the interests of the remaining investors are protected;
 - (i) any other information necessary to determine that percentage in stressed market conditions and normal market conditions.
2. The percentage of allowed redemptions referred to in Article 18(2), point (d), of Regulation (EU) 2015/760 may vary depending on the lifecycle of the assets of the ELTIF and the life of the ELTIF and shall be determined in accordance with the redemption policy, the valuation procedures of the ELTIF and ~~the limits set out in the table in Article 5(6), first subparagraph,~~ of this Regulation.

Article 7

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

1. ~~+~~The rules and the procedures for the full or partial matching of transfer requests as referred to in Article 19(2a) of Regulation (EU) 2015/760 shall be set out in the rules or instruments of incorporation or in the prospectus of the ELTIF. Those rules and procedures shall contain all of the following:
 - (a) the format, process and the timing of the matching;

- (b) the frequency or periodicity of the matching window and the duration of that window;
- (c) the dealing dates;
- (d) the requirements for the submission of purchase and for the exit requests deadlines;
- (e) the deadlines for the submission of purchase and exit requests;
- (f) the settlement and pay-out periods;
- (g) the safeguards to avoid any potential arbitrage against investors' interest due to the asymmetry of information inherent to the matching of transfer requests
- (h) where the ELTIF manager imposes a notice period for receiving purchase and exit requests, the details regarding such a notice period.

Where the rules or instruments of incorporation of an ELTIF also provide for the possibility of redemptions during the life of the ELTIF as referred to in Article 18(2) of Regulation (EU) 2015/760, the rules or instruments of incorporation or the prospectus of the ELTIF shall clearly set out the differences between such redemptions and the matching referred to in Article 19(2a) of that Regulation, in particular as regards the frequency, periods, execution price, and notice period for such matching, and shall contain the specific criteria for the determination of the execution price in case of matching.

2. The rules and procedures for matching requests shall be sound, appropriate for the ELTIF, and calibrated and shall aim at preventing, managing and monitoring conflicts of interest.

Article 8

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

1. ~~The rules or instruments of incorporation~~ or the prospectus of an ELTIF shall set out the rules to determine the execution price related to the matching of transfer requests as referred to in Article 19(2a) of Regulation (EU) 2015/760. ~~Where the net asset value is not reliable or appropriate for the ELTIF,~~ the manager of the ELTIF may determine the execution price using other tools than the net asset value, provided that the fair treatment of all investors, including exiting and remaining investors of the ELTIF, is ensured, in particular where the ELTIF allows for redemptions as referred to in Article 18(2) of Regulation (EU) 2015/760.

~~For the purpose of the first subparagraph, the rules or instruments of incorporation of an ELTIF shall set out the rules to determine the execution price related to the matching of transfer requests as referred to in Article 19(2a) of Regulation (EU) 2015/760.~~

2. Where the execution price related to the matching of transfer requests as referred to in Article 19(2a) of Regulation (EU) 2015/760 is based on the net asset value, such matching shall be aligned with the valuation dates of the ELTIF. Where such

execution price is not based on the net asset value, such matching shall be implemented outside the valuation dates of the ELTIF.

3. The rules or instruments of incorporation or the prospectus of an ELTIF shall set out the rules determining any exit or purchase fee related to the matching of transfer requests.
4. With respect to pro rata conditions, the rules or instruments of incorporation or the prospectus of the ELTIF shall contain clear rules on how the manager of the ELTIF will deal with any transfer requests to ensure the fair treatment of investors. To that end, those rules or instruments shall establish all of the following:
 - (a) where there are purchasing orders but no sale orders, or vice versa, whether the requests are cancelled or carried over;
 - (b) where exit orders are lower than purchasing orders, that exit orders are carried out and that purchasing orders that are to be satisfied are selected on the basis of the criterion established by the manager of the ELTIF and whether the excess purchasing orders are carried over;
 - (c) where exit orders are higher than purchasing orders, that the manager of the ELTIF executes the exit orders on the basis of the criterion established by the manager of the ELTIF and whether the excess exit orders are carried over and, if so, for how long.

Except if duly justified by the manager of the ELTIF taking into account the specificities of the ELTIF, the rules determining the pro rata conditions shall be based on the size of each exit order and take into account the available assets of the ELTIF ~~at the time of the proposed transfer~~.

Article 9

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

1. When matching transfers as referred to in Article 19(2a) of Regulation (EU) 2015/760, the manager of the ELTIF shall provide to investors all of the following information, as applicable, depending on whether the execution price is based on net asset value or not:
 - (a) predefined dealing dates and settlement/pay-out periods;
 - (b) deadlines for the submission of purchase or exit forms;
 - (c) the frequency at which the matching is available;
 - (d) where the execution price is calculated by using methods or tools that are different, and may deviate, from the net asset value and, if so, the specific criteria on the basis of which the execution price is determined and the manner in which investors will be clearly informed thereof;
 - (e) any exit or subscription fees and charges or costs borne by existing or potential investors related to the matching of transfer requests;
 - (f) any notice period for receiving purchase and exit orders;

- (g) by when, whom and how the new investors will be informed of the fact that they have acquired the units or shares of the ELTIF and when and how the exiting investors will receive the corresponding amount for their units or shares of the ELTIF;
- (h) the rules on the pro rata conditions;

Where the rules or instruments of incorporation of an ELTIF also provide for the possibility of redemptions during the life of the ELTIF, as referred to in Article 18(2) of Regulation (EU) 2015/760, the ELTIF manager shall provide investors with clear information about the differences between such redemptions and the matching referred to in Article 19(2a) of that Regulation, and in particular, as regards the frequency, periods, execution price and notice period for such mechanism.

2. Where the information referred to in paragraph 1 is not in the prospectus of the ELTIF, the prospectus of the ELTIF shall contain a direct link to a webpage, or another place, where that information can be found. ~~The key information document of the ELTIF shall also contain a direct link to the webpage where that information can be found.~~
3. The manager of the ELTIF shall keep the information referred to in paragraph 1 up-to-date.

Article 10

Criteria for the assessment of the market for potential buyers

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

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

Article 11

Criteria for the valuation of the assets to be divested

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

Article 12

Common definitions, calculation methodologies and presentation formats of costs

1. The costs of setting up the ELTIF as referred to in Article 25(1), point (a), of Regulation (EU) 2015/760 shall comprise all administrative, regulatory, depositary, custodial, professional service and audit costs related to the setting up of the ELTIF irrespective of whether they are paid to the manager of the ELTIF or to a third party.
2. The costs related to the acquisition of assets as referred to in Article 25(1), point (b)), of Regulation (EU) 2015/760 shall comprise all administrative, regulatory, depositary, custodial, professional service and audit costs related to the acquisition of the assets of the ELTIF, irrespective of whether those costs are paid to the manager of the ELTIF or to a third party. Those costs shall be calculated in accordance with the methodology set out in points 19(b) and 20 of Annex VI to Commission Delegated Regulation (EU) 2017/653⁶.
3. The ~~costs laid down in paragraphs 1 and 2 shall be expressed as a percentage of the capital of the ELTIF.~~
4. ~~The management and performance related fees referred to in Article 25(1), point (c)), of Regulation (EU) 2015/760 shall comprise all payments to the manager of the ELTIF, including payments to any person to whom the corresponding function has been delegated, except any fees that are related to the acquisition of the assets referred to in paragraph 2- of this Article. Those costs shall also include carried interest, as referred to in point 25 of Annex VI to Delegated Regulation 2017/653.~~
5. ~~The management fees shall be expressed as a percentage of the capital of the ELTIF over a one-year period.~~
64. The performance related fees and carried interest shall be calculated in accordance with points 24 and 25 of Annex VI to Delegated Regulation (EU) 2017/653 and expressed as a percentage of the capital of the ELTIF over a one-year period.

⁶ Commission Delegated Regulation (EU) 2017/653 of 8 March 2017 supplementing Regulation (EU) No 1286/2014 of the European Parliament and of the Council on key information documents for packaged retail and insurance-based investment products (PRIIPs) by laying down regulatory technical standards with regard to the presentation, content, review and revision of key information documents and the conditions for fulfilling the requirement to provide such documents (OJ L 100, 12.4.2017, p. 1, ELI: http://data.europa.eu/eli/reg_del/2017/653/oj).

~~75.~~ The distribution costs referred to in Article 25(1), point (d), of Regulation (EU) 2015/760 shall comprise all administrative, regulatory, professional service and audit costs related to distribution.

~~8.~~ ~~The distribution costs referred to in paragraph 7 shall be expressed as a percentage of the capital of the ELTIF.~~

~~96.~~ Other costs, as referred to in Article 25(1), point (e), of Regulation (EU) 2015/760, shall comprise all of the following items:

- (a) payments to the following persons or entities, including any person to whom those persons or entities have delegated any function;
 - (i) the depositary;
 - (ii) the custodian(s);
 - (iii) any investment adviser;
 - (iv) providers of valuation, fund accounting services and fund administration;
 - (v) providers of property management and similar services;
 - (vi) other providers that trigger transaction costs;
 - (vii) prime-brokerage service providers;
 - (viii) providers of collateral management services;
 - (ix) securities lending agents;
 - (x) provisioned fees for specific treatment of gains and losses;
 - (xi) operating costs under a fee-sharing arrangement with a third party;
- (b) all payments to legal and professional advisers;
- (c) audit, registration and regulatory fees.

The costs referred to in the first subparagraph shall not include the costs related to the setting up of the ELTIF, the up-front part of the costs related to the acquisition of assets referred to in paragraph 2, the up-front part of the distribution costs referred to in paragraph ~~75~~ and the management and performance related fees.

~~107.~~ The costs referred to in paragraph ~~96~~ shall be expressed as a percentage of the capital net asset value of the ELTIF over a one-year period.

~~118.~~ The overall cost ratio of the ELTIF as referred to in Article 25(2) of Regulation (EU) 2015/760 shall be the ratio of the total costs to the capital net asset value per annum of the ELTIF and shall be calculated as follows:

(a) the overall cost ratio of the ELTIF shall be expressed as a percentage to two decimal places;

~~(b) the overall cost ratio of the ELTIF shall be calculated at least once a year;~~

~~(c) the overall cost ratio of the ELTIF shall equal the sum of the management and performance related fees as referred to in paragraph 4 and the other costs as referred to in paragraph 9, plus the sum of the costs of setting up the ELTIF as referred to in paragraph 1, the costs related to the acquisition of assets as referred to in paragraph 2 and the distribution costs as referred to in paragraph 7, divided by the recommended holding period of the ELTIF, as referred to in Article 8(3), point (g)(ii), of Regulation (EU) 1286/2014;~~

- ~~(d) where one type of cost is covered by two or more types of costs as referred to in paragraphs 1 to 9 of this Article, that type of cost shall only be accounted for once in the calculation of the overall cost ratio of the ELTIF;~~
- ~~(e) the capital of the ELTIF shall relate to the same period as the costs;~~
- ~~(f) until the capital of the ELTIF has been determined, the capital shall be the minimum target capital below which the ELTIF may not start operations;~~
- ~~(g)~~(b) the overall cost ratio of the ELTIF shall be based on the most recent cost calculations by the manager of the ELTIF and they shall be calculated and updated on an annual basis;
- ~~(h)~~(c) the costs shall be assessed on an 'all taxes included' basis.
- ~~12. The costs section of the prospectus of the ELTIF shall contain a presentation of costs in the form laid down in the Annex.~~
- ~~13. In the case of ELTIFs subject to the requirements of Regulation (EU) No 1286/2014, the prospectus of the ELTIF shall contain narratives presenting both the PRIIPs overall reduction in yield figure and the ELTIF's overall cost ratio and explanations of any potential differences between those figures.~~

Article 13

Repeal

Delegated Regulation (EU) 2018/480 is repealed ~~with effect from~~

References to Delegated Regulation (EU) 2018/480 shall be construed as references to this Regulation.

Article 14

Entry into force and application

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

It shall apply from ~~...~~ the date following the date of the entry of this Regulation into force.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the Commission

The President

[...]

ANNEX I

Format for the Presentation of Costs

Determination of the maximum percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 as function of the redemption frequency and the extended notice period of the ELTIF

One-off costs	Expressed as	Nature of the cost
The costs of setting up the ELTIF (in %)	% (of capital)	Accompanying explanation detailing the content of the costs
The costs related to the acquisition of assets (in %)	% (of capital)	Accompanying explanation detailing the content of the costs
Distribution costs (in %)	% (of capital)	Accompanying explanation detailing the content of the costs

Ongoing costs	Expressed as	Nature of the cost
Management fees (in %)	yearly % (of capital, over a one-year period)	Accompanying explanation detailing the content of the costs
Other costs (in %)	yearly % (of capital, over a one-year period)	Accompanying explanation detailing the content of the costs

Incidental costs	Expressed as	Nature of the cost
Performance fees (and carried interest) (in %)	yearly % (of capital, over a one-year period)	Accompanying explanation detailing the content of the costs, including the potential application of high watermark

Aggregated costs (one-off costs, ongoing costs, and incidental costs)	Expressed as
Overall cost ratio (in %)	yearly % (of capital, over a one-year period)

Option 1 – Baseline option

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

Option 2 – Aggregation on a one-month basis

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

Option 3 – Aggregation on a two-months basis

<u>Notice period / Redemption frequency</u>	<u>No notice period</u>	<u>2 weeks notice period</u>	<u>1 month notice period</u>	<u>3 months notice period</u>	<u>6 months notice period</u>	<u>9 months notice period</u>	<u>12 months notice period</u>
<u>12 months</u>	<u>100,0%</u>	<u>100,0%</u>	<u>100,0%</u>	<u>100,0%</u>	<u>100,0%</u>	<u>100,0%</u>	<u>100,0%</u>
<u>6 months</u>	<u>50,0%</u>	<u>52,2%</u>	<u>54,5%</u>	<u>66,7%</u>	<u>100,0%</u>	<u>100,0%</u>	<u>100,0%</u>
<u>3 months</u>	<u>25,0%</u>	<u>26,1%</u>	<u>27,3%</u>	<u>33,3%</u>	<u>50,0%</u>	<u>100,0%</u>	<u>100,0%</u>

<u>2 months or more frequent than 2 months</u>	<u>On an aggregate basis, over 2 months:</u> 16,7%	<u>On an aggregate basis, over 2 months:</u> 17,4%	<u>On an aggregate basis, over 2 months:</u> 18,2%	<u>On an aggregate basis, over 2 months:</u> 22,2%	<u>On an aggregate basis, over 2 months:</u> 33,3%	<u>On an aggregate basis, over 2 months:</u> 66,7%	<u>On an aggregate basis, over 2 months:</u> 100%
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ANNEX II

Determination of the maximum percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 as function of the redemption frequency and the minimum percentage of liquid assets referred to in Article 9(1), point (b)

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