

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

Fields marked with * are mandatory.

Introduction

The **short version** of this consultation is also available in [German](#) and [French](#).

Die **kurze Version** dieser öffentlichen Konsultation ist auch auf [Englisch](#) und [Französisch](#) verfügbar.

La **version courte** de cette consultation est également disponible en [allemand](#) et en [anglais](#).

Disclaimer

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

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

1. Background of this public consultation

[Regulation \(EU\) 2015/760 on European long-term investment funds \(ELTIF\)](#) is a pan-European framework for Alternative Investment Funds (AIFs)¹ – that invest in longer term real economy investments such as social and

infrastructure projects, real estate and SMEs. ELTIFs can serve as important conduits of investments to support the [capital markets union](#), the [European green deal](#) and the [digital single market](#).

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Views are welcome from anyone.

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

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

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

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

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

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

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you

have a problem completing this questionnaire or if you require particular assistance, please contact fisma-eltif-public-consultation@ec.europa.eu.

More information on

- [this consultation](#)
- [the consultation document](#)
- [investment funds](#)
- [the protection of personal data regime for this consultation](#)

Choose your questionnaire

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

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

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

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

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

1. Introductory questions

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

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

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

5000 character(s) maximum

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

The Association française des Sociétés de Placement Immobilier (ASPIM) - the French association for real estate investment companies - promotes and defends the interests of its members, managers of alternative investment real estate funds (SCPI, OPCI and other AIFs).

Its 103 members, Portfolio Management Companies, and other unlisted real estate AIFs are authorized entities accredited by the French Financial Markets Authority (Autorité des Marchés Financiers (AMF)) that manage portfolios of real estate assets for an asset value of €230 bn (2019) for the French market.

ASPIM welcomes the ambition of the European Commission to support long-term financing of the European economy. ASPIM is resolutely committed to promote the ELTIF label standards into the management of real estate AIFs and to ensure they are involved in completing ambitious goals on encouraging long-term investments in real assets, and in particular real estate, while also further deepening the single market by establishing an EU passport so ELTIFs can be marketed throughout the EU to professional and retail investors.

Despite its laudable intention, the ELTIF label is only too rarely being adopted by AIF managers of “real assets”. Below ASPIM identifies 5 key structural barriers (see questions 5 and 6) that limit the use of ELTIFs and offer some suggestions for addressing such barriers – focusing on the real estate sector.

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

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

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

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

Please specify what are the other aspects of the ELTIF regime where policy action would be most needed to improve the functioning of the ELTIF regulatory framework:

5000 character(s) maximum

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

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

5000 character(s) maximum

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

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

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

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

5000 character(s) maximum

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

2. Scope of the ELTIF authorisation and process

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

Please explain your answer.

5000 character(s) maximum

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

A significant challenge for real estate fund managers and their regulators stems from the definition of “real assets” in Article 2.6 of the ELTIF Regulation:

- it contains an implicit negative principle that property is not welcome to qualify as a “real asset”, and that if it does qualify, it must always be part of a broader infrastructure project;
- it attaches conditions of contributing to “smart, sustainable and inclusive growth” which are somewhat vague and subjective.

Both of which create uncertainty that prevents the development of real estate ELTIFs.

We believe that investments in commercial or residential property should be clearly permitted to qualify as eligible assets, and that the conditions should be clarified, possibly taking into account compliance with:

- sufficiently robust public norms and/or ESG type labels that exist in the real estate sector and meet certain societal needs (eg job creation, housing provisioning); and
- owning commercial or residential assets on a long term period (at least 5 years) should not be considered as a speculative strategy.

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

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

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

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

5000 character(s) maximum

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

3. Investment universe, eligible assets and qualifying portfolio undertakings

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

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

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

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

5000 character(s) maximum

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

We believe that investments in commercial or residential property should be clearly permitted to qualify as eligible assets, and that the conditions should be clarified, possibly taking into account compliance with:

- sufficiently robust public norms and/or ESG type labels that exist in the real estate sector and meet certain societal needs (eg job creation, housing provisioning); and
- owning commercial or residential assets on a long term period (at least 5 years) should not be considered as a speculative strategy.

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

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

5000 character(s) maximum

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

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

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

5000 character(s) maximum

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

A significant challenge for real estate fund managers and their regulators stems from the definition of “real assets” in Article 2.6 of the ELTIF Regulation:

- it contains an implicit negative principle that property is not welcome to qualify as a “real asset”, and that if it does qualify, it must always be part of a broader infrastructure project;
- it attaches conditions of contributing to “smart, sustainable and inclusive growth” which are somewhat vague and subjective.

Both of which create uncertainty that prevents the development of real estate ELTIFs.

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

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

Question 8.1 Please explain your answer to question 8.

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

5000 character(s) maximum

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

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

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

Other conditions and requirements related to eligible investment assets and qualifying portfolio undertakings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
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Please specify what are the other conditions and requirements related to eligible investment assets and qualifying portfolio undertakings you refer to in question 9:

5000 character(s) maximum

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

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

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

5000 character(s) maximum

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

We believe that the limitation on eligible investment assets to ELTIFs, EuVECAs and EuSEFs should be delated in order to launch real estate fund of fund.

In addition, any investment in an eligible asset within the meaning of the ELTIF regulations should, where applicable, be made indirectly (via a fund, a holding company or any other type of vehicle). If this is the case, the calculation of the ratios applicable to the ELTIF can be done "by transparency".

A significant challenge for real estate fund managers and their regulators stems from the definition of "real assets" in Article 2.6 of the ELTIF Regulation:

- it contains an implicit negative principle that property is not welcome to qualify as a "real asset", and that if it does qualify, it must always be part of a broader infrastructure project;
- it attaches conditions of contributing to "smart, sustainable and inclusive growth" which are somewhat vague and subjective.

Both of which create uncertainty that prevents the development of real estate ELTIFs.

4. Types of investors and effective investor protection

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

Please explain:

5000 character(s) maximum

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

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

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

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

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

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

5000 character(s) maximum

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

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

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

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

5000 character(s) maximum

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

c) Withdrawal period of two weeks

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

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

5000 character(s) maximum

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

This is quite difficult to implement from an operational point of view because, in practice, the distribution channels generally do not provide for the cancellation of a subscription after its completion.

d) Possibility to allow more frequent redemptions for retail investors

- Yes

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

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

5000 character(s) maximum

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

e) Procedures and arrangements to deal with retail investors complaints

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

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

5000 character(s) maximum

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

f) Provisions related to the marketing of ELTIFs

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

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

5000 character(s) maximum

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

g) Other provisions and requirements related to retail investors

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

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

5000 character(s) maximum

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

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

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

5000 character(s) maximum

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

5. Conflict of interests

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

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

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

5000 character(s) maximum

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

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

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

5000 character(s) maximum

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

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

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

Question 15.1 Please explain how you think how should such rules on conflicts of interest be amended.

Please explain the benefits and disadvantages of the potential changes as well as costs, as well as how specifically such amendments could facilitate the effective management of conflicts of interests, co-investment strategies and indirect investment strategies:

5000 character(s) maximum

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

Management company should be allowed to invest in other funds they manage, provide seed money for the ELTIF fund and make co-investment.

6. Borrowing of cash and leverage

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

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

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

5000 character(s) maximum

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

The leverage could be other 30% if the manager is able to prove through a stress test that the level is appropriate in term of portfolio risk.

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

Please explain:

5000 character(s) maximum

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

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

Which safeguards are particularly relevant and appropriate, and why?

5000 character(s) maximum

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

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

5000 character(s) maximum

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

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

In addition, please explain if you consider it appropriate to provide for any alternative regulatory approach for the borrowing of cash rules specifically during the ramp-up period in the ELTIFs' life:

5000 character(s) maximum

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

7. Rules on portfolio composition and diversification

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

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

Please specify what other policy choice(s) pertaining to the ELTIF rules on diversification you would consider most appropriate:

5000 character(s) maximum

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

The fund portfolio composition/diversification ratios in ELTIF are closely aligned to those required of UCITS funds which manage securities (shares and bonds), most of which are listed.

Consideration ought to be given as to whether these ratios are well suited to investment funds that manage long term real assets, most of which are not listed, and also often of a much bigger asset value size.

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

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

5000 character(s) maximum

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

With regard to the eligibility of physical assets, the minimum value threshold of € 10m should be removed. This threshold induces a minimum fund size (which may require the fund manager to provide "seed money"), and thus constitutes an additional entry barrier to the creation of ELTIF. Furthermore, this threshold limits the scope of eligible assets and slows down the diversification of the fund.

ELTIF funds may not invest more than 10% of its capital in the same physical asset or the same fund. We consider that this rule is restrictive, and it is complicated to maintain this ratio throughout the life of the fund.

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

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

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

5000 character(s) maximum

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

We consider that the minimum threshold of 70% of eligible assets is excessively high, because it cannot allow to structure funds with more diversified portfolio and cannot offer more liquidity for both subscription and redemption. This threshold is a barrier to label existing French real estate funds open to retail investors.

We suggest lowering the threshold to 50%, which will be in line with the French regulation that applies to French real estate funds open to retail investors.

8. Redemption rules and life of ELTIFs

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

5000 character(s) maximum

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

For real estate (as well as some infrastructure) funds, consideration should be given to the possibility of offering perpetual (so-called “evergreen”) fund structures that match the much more longer-term profile of the underlying property asset, coupled with specific long-term liquidity management rules and tools that recognize investors’ potential needs for earlier redemption. The fund would remain closed-end as investors would remain committed to remain invested, knowing however that there would be a carefully tailored liquidity mechanism in place to allow for a phased redemption process if need be.

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

- Shorter maturity of between 5 to 10 years
- Maturity of 5 years and more
- Only investments with a maturity +10 years
- Only investments with a maturity + 15 years
- Other possible maturity
-

Don't know / no opinion / not relevant

Please specify what other threshold might be considered appropriate:

5000 character(s) maximum

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

Question 24.1 Please explain your answer to question 24:

5000 character(s) maximum

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

The ELTIF regulation should allowed the manager to put in place the most suitable tools in terms of liquidity management, both on the asset of the fund and on the liability of the fund.

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

- 0% to 15%
- 15% to 30%
- Above 30%
- Other options
- Don't know / no opinion / not relevant

Please specify what other proportion of the portfolio should be permitted:

5000 character(s) maximum

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

Question 25.1 Please explain your answer to question 25:

5000 character(s) maximum

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

The management company should be able, if necessary, to provide for liquidity management tools, such as gates, lock up, etc.

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

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

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

5000 character(s) maximum

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

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

- Yes
- No
- Other

- Don't know / no opinion / not relevant

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

5000 character(s) maximum

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

ELTIF redemptions should be managed by putting in place gates, at the discretion of the management company but depending on the assets/liabilities.

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

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

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

5000 character(s) maximum

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

Investment ratios should not be applicable during the investment period and redemptions should be locked during this period.

9. Secondary market and issuance of new units or shares

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

5000 character(s) maximum

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

The secondary market could also be managed by the management company, which is the case for the French real estate closed-ended funds.

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

5000 character(s) maximum

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

The limitations are not appropriate.

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

5000 character(s) maximum

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

The preferential subscription rights should be removed.

10. Marketing strategy for ELTIFs and distribution related aspects

Question 32. What are the key limitations stemming from the ELTIF framework that you consider reduce the attractiveness of the ELTIF fund structure or the cross-border marketing and distribution of ELTIFs across the U n i o n ?

Please explain:

5000 character(s) maximum

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

Investment ratios and limits to eligible assets are barriers to label existing French real estate funds open to retail investors.

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

Yes

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

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

5000 character(s) maximum

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

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

If possible, please provide a specific suggestion:

5000 character(s) maximum

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

We consider that ELTIF funds should be allowed to issue categories of shares with different rules regarding entrance and exit fees, and gates applied to retail and professional investors.

11. Miscellaneous

Question 35. Is the effectiveness of the ELTIF framework impaired by national legislation or existing market practices? Please provide any examples you

may have of “goldplating” or wrong application of the EU acquis.

Please explain:

5000 character(s) maximum

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

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

Please explain and provide specific examples:

5000 character(s) maximum

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

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

a r r a n g e m e n t s ?

Please explain:

5000 character(s) maximum

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

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

5000 character(s) maximum

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

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

Please explain:

5000 character(s) maximum

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

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

5000 character(s) maximum

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

It will be important to create a certain level playing field across Europe in the tax treatment of income and/or dividends distribution in order to ensure the development of a truly cross-border market in ELTIFs distribution.

Question 41. You are kindly invited to make additional comments on this consultation if you consider that some areas have not been adequately covered. Please elaborate, more specifically, which amendments of the ELTIF framework could be beneficial in providing additional clarity and practical

guidance in facilitating the pursuit of the ELTIF strategy. Please include examples and evidence on any issues, including those not explicitly covered by the questions raised in this public consultation:

5000 character(s) maximum

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

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

- Yes
- No
- Under certain conditions

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

5000 character(s) maximum

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

Additional information

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

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Useful links

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

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

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

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

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

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