

Article/text of ELTIF Regulation	Corresponding provision in ELTIF Regulations 2015
<p>Article 1</p> <p>1. This Regulation lays down uniform rules on the authorisation, investment policies and operating conditions of EU alternative investment funds (EU AIFs) or compartments of EU AIFs that are marketed in the Union as European long-term investment funds (ELTIFs).</p> <p>2. The objective of this Regulation is to raise and channel capital towards European long-term investments in the real economy, in line with the Union objective of smart, sustainable and inclusive growth.</p> <p>3. Member States shall not add any further requirements in the field covered by this Regulation.</p>	<p>N/A</p>
<p>Article 2</p> <p>Definitions</p> <p>For the purposes of this Regulation the following definitions apply:</p> <p>(1) 'capital' means aggregate capital contributions and uncalled committed capital, calculated on the basis of amounts investible after deduction of all fees, charges and expenses that are directly or indirectly borne by investors;</p> <p>(2) 'professional investor' means an investor which is considered to be a professional client, or may, on request, be treated as a professional client in accordance with Annex II to Directive 2014/65/EU;</p> <p>(3) 'retail investor' means an investor who is not a professional investor;</p> <p>(4) 'equity' means ownership interest in qualifying portfolio undertaking, represented by the shares or other forms of participation in the capital of the qualifying portfolio undertaking issued to its investors;</p> <p>(5) 'quasi-equity' means any type of financing instrument where the return on the instrument is linked to the profit or loss of the qualifying portfolio undertaking and where the repayment of the instrument in the event of default is not fully secured;</p> <p>(6) 'real asset' means an asset that has value due to its substance and properties and may provide returns, including infrastructure and other</p>	<p>N/A</p>

<p>assets that give rise to economic or social benefit, such as education, counselling, research and development, and including commercial property or housing only where they are integral to, or an ancillary element of, a long-term investment project that contributes to the Union objective of smart, sustainable and inclusive growth;</p> <p>(7) 'financial undertaking' means any of the following:</p> <p>(a) a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council¹;</p> <p>(b) an investment firm as defined in point (1) of Article 4(1) of Directive 2014/65/EU;</p> <p>(c) an insurance undertaking as defined in point (1) of Article 13 of Directive 2009/138/EC of the European Parliament and of the Council²;</p> <p>(d) a financial holding company as defined in point (20) of Article 4(1) of Regulation (EU) No 575/2013;</p> <p>(e) a mixed-activity holding company as defined in point (22) of Article 4(1) of Regulation (EU) No 575/2013;</p> <p>(f) a management company as defined in point (b) of Article 2(1) of Directive 2009/65/EC;</p> <p>(g) an AIFM as defined in point (b) of Article 4(1) of Directive 2011/61/EU.</p> <p>(8) 'EU AIF' means EU AIF as defined in point (k) of Article 4(1) of Directive 2011/61/EU;</p> <p>(9) 'EU AIFM' means EU AIFM as defined in point (l) of Article 4(1) of Directive 2011/61/EU;</p> <p>(10) 'competent authority of the ELTIF' means the competent authority of the EU AIF within the meaning of point (h) of Article 4(1) of Directive 2011/61/EU;</p>	
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¹ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

² Directive 2009/138/EC of the European Parliament and of the Council of **25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II)** (OJ L 335, 17.12.2009, p. 1).

<p>(11) 'home Member State of the ELTIF' means the Member State where the ELTIF is authorised;</p> <p>(12) 'manager of the ELTIF' means the authorised EU AIFM approved to manage an ELTIF, or the internally managed ELTIF where the legal form of the ELTIF permits internal management and where no external AIFM has been appointed;</p> <p>(13) 'competent authority of the manager of the ELTIF' means the competent authority of the home Member State of the AIFM within the meaning of point (q) of Article 4(1) of Directive 2011/61/EU;</p> <p>(14) 'securities lending' and 'securities borrowing' mean any transaction in which a counterparty transfers securities subject to a commitment that the borrower will return equivalent securities at some future date or when requested to do so by the transferor, that transaction being considered as securities lending for the counterparty transferring the securities and being considered as securities borrowing for the counterparty to which they are transferred;</p> <p>(15) 'repurchase transaction' means a repurchase transaction as defined in point (83) of Article 4(1) of Regulation (EU) No 575/2013;</p> <p>(16) 'financial instrument' means a financial instrument as specified in Section C of Annex I to Directive 2014/65/EU;</p> <p>(17) 'short selling' means an activity as defined in point (b) of Article 2(1) of Regulation (EU) No 236/2012 of the European Parliament and the Council³;</p> <p>(18) 'regulated market' means a regulated market as defined in point (21) of Article 4(1) of Directive 2014/65/EU;</p> <p>(19) 'multilateral trading facility' means a multilateral trading facility as defined in point (22) of Article 4(1) of Directive 2014/65/EU.</p>	
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³ Regulation (EU) No 236/2012 of the European Parliament and of the Council of 14 March 2012 on short selling and certain aspects of credit default swaps (OJ L 86, 24.3.2012, p. 1).

<p>Article 3 Authorisation and central public register</p> <ol style="list-style-type: none"> 1. An ELTIF may only be marketed in the Union when it has been authorised in accordance with this Regulation. Authorisation as an ELTIF shall be valid for all Member States. 2. Only EU AIFs shall be eligible to apply for and to be granted authorisation as an ELTIF. 3. The competent authorities of the ELTIFs shall, on a quarterly basis, inform ESMA of authorisations granted or withdrawn pursuant to this Regulation. <p>ESMA shall keep a central public register identifying each ELTIF authorised under this Regulation, the manager of the ELTIF and the competent authority of the ELTIF. The register shall be made available in electronic format.</p>	<p>N/A</p>
<p>Article 4 Designation and prohibition on transformation</p> <ol style="list-style-type: none"> 1. The designation 'ELTIF' or 'European long-term investment fund' in relation to a collective investment undertaking, or the units or shares it issues, may only be used where the collective investment undertaking has been authorised in accordance with this Regulation. 2. ELTIFs shall be prohibited from transforming themselves into collective investment undertakings that are not covered by this Regulation. 	<p>N/A</p>
<p>Article 5 Application for authorisation as an ELTIF</p> <ol style="list-style-type: none"> 1. An application for authorisation as an ELTIF shall be made to the competent authority of the ELTIF. <p>The application for authorisation as an ELTIF shall include the following:</p> <ol style="list-style-type: none"> (a) the fund rules or instruments of incorporation; (b) information on the identity of the proposed manager of the ELTIF and its current and previous fund management experience and history; (c) information on the identity of the depositary; 	<p>Regulation 4 inserts a new Part 3A into the Alternative Investment Fund Managers Regulations 2013 to enable the FCA to direct the manner in which applications for authorisation as ELTIFs are to be made and to set out the procedures to be followed by the FCA when proposing or deciding to refuse applications for authorisation as an ELTIF, and when proposing or deciding to revoke an ELTIF's authorisation.</p>

<p>(d) a description of the information to be made available to investors, including a description of the arrangements for dealing with complaints submitted by retail investors.</p> <p>The competent authority of the ELTIF may request clarification and information as regards the documentation and information provided under the second subparagraph.</p> <p>Only an EU AIFM authorised under Directive 2011/61/EU may apply to the competent authority of the ELTIF for approval to manage an ELTIF for which authorisation is requested in accordance with paragraph 1. In the event that the competent authority of the ELTIF is the same as the competent authority of the EU AIFM, such an application for approval shall refer to the documentation submitted for authorisation under Directive 2011/61/EU.</p> <p>An application for approval to manage an ELTIF shall include the following:</p> <ul style="list-style-type: none"> (a) the written agreement with the depositary; (b) information on delegation arrangements regarding portfolio and risk management and administration with regard to the ELTIF; (c) information about the investment strategies, the risk profile and other characteristics of AIFs that the EU AIFM is authorised to manage. <p>The competent authority of the ELTIF may ask the competent authority of the EU AIFM for clarification and information as regards the documentation referred to in the second subparagraph or an attestation as to whether ELTIFs fall within the scope of the EU AIFM's authorisation to manage AIFs. The competent authority of the EU AIFM shall provide an answer within 10 working days from the date on which it received the request submitted by the competent authority of the ELTIF.</p> <p>Applicants shall be informed within two months from the date of submission of a complete application whether authorisation as an ELTIF, including approval for the EU AIFM to manage the ELTIF, has been granted.</p> <p>4. Any subsequent modifications to the documentation referred to in paragraphs 1 and 2 shall be immediately notified to the competent authority of the ELTIF.</p>	
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<p>5. By way of derogation from paragraphs 1 and 2, an EU AIF the legal form of which permits internal management and the governing body of which chooses not to appoint an external AIFM shall apply simultaneously for authorisation as an ELTIF under this Regulation and as an AIFM under Directive 2011/61/EU.</p> <p>Without prejudice to Article 7 of Directive 2011/61/EU, the application for authorisation as an internally managed ELTIF shall include the following:</p> <ul style="list-style-type: none"> (a) the fund rules or instruments of incorporation; (b) a description of the information to be made available to investors, including a description of the arrangements for dealing with complaints submitted by retail investors. <p>By way of derogation from paragraph 3, an internally managed EU AIF shall be informed within three months from the date of submission of a complete application whether authorisation as an ELTIF has been granted.</p>	
<p>Article 6</p> <p>Conditions for granting authorisation as an ELTIF</p> <ol style="list-style-type: none"> 1. An EU AIF shall be authorised as an ELTIF only where its competent authority: <ul style="list-style-type: none"> (a) is satisfied that the EU AIF is able to meet all the requirements of this Regulation; (b) has approved the application of an EU AIFM authorised in accordance with Directive 2011/61/EU to manage the ELTIF, the fund rules or instruments of incorporation, and the choice of the depositary. 2. In the event that an EU AIF makes an application pursuant to Article 5(5) of this Regulation, the competent authority shall authorise the EU AIF only where it is satisfied that the EU AIF complies with both the requirements of this Regulation and of Directive 2011/61/EU regarding the authorisation of an EU AIFM. 3. The competent authority of the ELTIF may refuse to approve the application of an EU AIFM to manage an ELTIF only where the EU AIFM: <ul style="list-style-type: none"> (a) does not comply with this Regulation; 	<p>See above</p>

<p>(b) does not comply with Directive 2011/61/EU;</p> <p>(c) is not authorised by its competent authority to manage AIFs that follow investment strategies of the type covered by this Regulation; or</p> <p>(d) has not provided the documentation referred to in Article 5(2), or any clarification or information requested thereunder.</p> <p>Before refusing to approve an application, the competent authority of the ELTIF shall consult the competent authority of the EU AIFM.</p> <p>4. The competent authority of the ELTIF shall not grant authorisation as an ELTIF to the EU AIF that has made an application for authorisation if it is legally prevented from marketing its units or shares in its home Member State.</p> <p>5. The competent authority of the ELTIF shall communicate to the EU AIF the reason for its refusal to grant authorisation as an ELTIF.</p> <p>6. An application which has been rejected under this Chapter shall not be resubmitted to the competent authorities of other Member States.</p> <p>7. Authorisation as an ELTIF shall not be subject to a requirement that the ELTIF be managed by an EU AIFM authorised in the home Member State of the ELTIF or that the EU AIFM pursue or delegate any activities in the home Member State of the ELTIF.</p>	
<p>Article 7</p> <p>Applicable rules and liability</p> <p>1. An ELTIF shall comply at all times with the provisions of this Regulation.</p> <p>2. An ELTIF and the manager of the ELTIF shall comply at all times with Directive 2011/61/EU.</p> <p>3. The manager of the ELTIF shall be responsible for ensuring compliance with this Regulation and shall also be liable in accordance with Directive 2011/61/EU for any infringements of this Regulation. The manager of the ELTIF shall also be liable for losses or damages resulting from non-compliance with this Regulation.</p>	<p>N/A</p>

<p>Article 8 Investment compartments</p> <p>Where an ELTIF comprises more than one investment compartment, each compartment shall be regarded as a separate ELTIF for the purposes of this Chapter.</p>	
<p>Article 9 Eligible investments</p> <p>1. In accordance with the objectives referred to in Article 1(2), an ELTIF shall invest only in the following categories of assets and only under the conditions specified in this Regulation:</p> <ul style="list-style-type: none"> (a) eligible investment assets; (b) assets referred to in Article 50(1) of Directive 2009/65/EC. <p>2. An ELTIF shall not undertake any of the following activities:</p> <ul style="list-style-type: none"> (a) short selling of assets; (b) taking direct or indirect exposure to commodities, including via financial derivative instruments, certificates representing them, indices based on them or any other means or instrument that would give an exposure to them; (c) entering into securities lending, securities borrowing, repurchase transactions, or any other agreement which has an equivalent economic effect and poses similar risks, if thereby more than 10 % of the assets of the ELTIF are affected; (d) using financial derivative instruments, except where the use of such instruments solely serves the purpose of hedging the risks inherent to other investments of the ELTIF. <p>In order to ensure the consistent application of this Article, ESMA shall, after conducting a public consultation, develop draft regulatory technical standards specifying criteria for establishing the circumstances in which the use of financial derivative instruments solely serves the purpose of hedging the risks inherent to the investments referred to in point (d) of paragraph 2.</p>	N/A

<p>ESMA shall submit those draft regulatory technical standards to the Commission by ...⁺.</p> <p>Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.</p>	
<p>Article 10</p> <p>Eligible investment assets</p> <p>An asset referred to in point (a) of Article 9(1) shall be eligible for investment by an ELTIF only where it falls into one of the following categories:</p> <ul style="list-style-type: none"> (a) equity or quasi-equity instruments which have been: (i) issued by a qualifying portfolio undertaking and acquired by the ELTIF from the qualifying portfolio undertaking or from a third party via the secondary market; (ii) issued by a qualifying portfolio undertaking in exchange for an equity or quasi-equity instrument previously acquired by the ELTIF from the qualifying portfolio undertaking or from a third party via the secondary market; (iii) issued by an undertaking of which the qualifying portfolio undertaking is a majority owned subsidiary, in exchange for an equity or quasi-equity instrument acquired in accordance with points (i) or (ii) by the ELTIF from the qualifying portfolio undertaking or from a third party via the secondary market; (b) debt instruments issued by a qualifying portfolio undertaking; (c) loans granted by the ELTIF to a qualifying portfolio undertaking with a maturity no longer than the life of the ELTIF; (d) units or shares of one or several other ELTIFs, EuVECAs and EuSEFs provided that those ELTIFs, EuVECAs and EuSEFs have not themselves invested more than 10 % of their capital in ELTIFs; 	<p>N/A</p>

⁺ OJ please insert the date: 3 months after the date of entry into force of this Regulation.

<p>(e) direct holdings or indirect holdings via qualifying portfolio undertakings of individual real assets with a value of at least EUR 10 000 000 or its equivalent in the currency in which, and at the time when, the expenditure is incurred.</p>	
<p>Article 11 Qualifying portfolio undertaking</p> <p>1. A qualifying portfolio undertaking referred to in Article 10 shall be a portfolio undertaking other than a collective investment undertaking that fulfils the following requirements:</p> <ul style="list-style-type: none"> (a) it is not a financial undertaking; (b) it is an undertaking which (i) is not admitted to trading on a regulated market or on a multilateral trading facility; or (ii) is admitted to trading on a regulated market or on a multilateral trading facility and at the same time has a market capitalisation of no more than EUR 500 000 000; (c) it is established in a Member State, or in a third country provided that the third country: <ul style="list-style-type: none"> (i) is not a high-risk and non-cooperative jurisdiction identified by the Financial Action Task Force; (ii) has signed an agreement with the home Member State of the manager of the ELTIF and with every other Member State in which the units or shares of the ELTIF are intended to be marketed to ensure that the third country fully complies with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and on Capital and ensures an effective exchange of information in tax matters, including any multilateral tax agreements. <p>2. By way of derogation from point (a) of paragraph 1 of this Article, a qualifying portfolio undertaking may be a financial undertaking that exclusively finances qualifying portfolio undertakings referred to in paragraph 1 of this Article or real assets referred to in point (e) of Article 10.</p>	<p>N/A</p>

<p>Article 12</p> <p>Conflict of interest</p> <p>An ELTIF shall not invest in an eligible investment asset in which the manager of the ELTIF has or takes a direct or indirect interest, other than by holding units or shares of the ELTIFs, EuSEFs or EuVECAAs that it manages.</p>		N/A
<p>Article 13</p> <p>Portfolio composition and diversification</p> <ol style="list-style-type: none"> 1. An ELTIF shall invest at least 70 % of its capital in eligible investment assets. 2. An ELTIF shall invest no more than: <ol style="list-style-type: none"> (a) 10 % of its capital in instruments issued by, or loans granted to, any single qualifying portfolio undertaking; (b) 10 % of its capital directly or indirectly in a single real asset; (c) 10 % of its capital in units or shares of any single ELTIF, EuVECA or EuSEF; (d) 5 % of its capital in assets referred to in point (b) of Article 9(1) where those assets have been issued by any single body. 3. The aggregate value of units or shares of ELTIFs, EuVECAAs and EuSEFs in an ELTIF portfolio shall not exceed 20 % of the value of the capital of the ELTIF. 4. The aggregate risk exposure to a counterparty of the ELTIF stemming from over-the-counter (OTC) derivative transactions, repurchase agreements, or reverse repurchase agreements shall not exceed 5 % of the value of the capital of the ELTIF. 5. By way of derogation from points (a) and (b) of paragraph 2, an ELTIF may raise the 10 % limit referred to therein to 20 %, provided that the aggregate value of the assets held by the ELTIF in qualifying portfolio undertakings and in individual real assets in which it invests more than 10 % of its capital does not exceed 40 % of the value of the capital of the ELTIF. 		N/A

<p>6. By way of derogation from point (d) of paragraph 2, an ELTIF may raise the 5 % limit referred to therein to 25 % where bonds are issued by a credit institution which has its registered office in a Member State and is subject by law to special public supervision designed to protect bondholders. In particular, sums deriving from the issue of those bonds shall be invested in accordance with the law in assets which, during the whole period of validity of the bonds, are capable of covering claims attaching to the bonds and which, in the event of failure of the issuer, would be used on a priority basis for the reimbursement of the principal and payment of the accrued interest.</p> <p>7. Companies which are included in the same group for the purposes of consolidated accounts, as regulated by Directive 2013/34/EU of the European Parliament and of the Council⁴ or in accordance with recognised international accounting rules, shall be regarded as a single qualifying portfolio undertaking or a single body for the purpose of calculating the limits referred to in paragraphs 1 to 6.</p>	
<p>Article 14</p> <p>Rectification of investment positions</p> <p>In the event that an ELTIF infringes the diversification requirements set out in Article 13(2) to 13(6) and the infringement is beyond the control of the manager of the ELTIF, the manager of the ELTIF shall, within an appropriate period of time, take such measures as are necessary to rectify the position, taking due account of the interests of the investors in the ELTIF.</p>	N/A
<p>Article 15</p> <p>Concentration</p>	N/A

⁴ **Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).**

<p>1. An ELTIF may acquire no more than 25 % of the units or shares of a single ELTIF, EuVECA, or EuSEF.</p> <p>2. The concentration limits laid down in Article 56(2) of Directive 2009/65/EC shall apply to investments in the assets referred to in point (b) of Article 9(1) of this Regulation.</p>	
<p>Article 16</p> <p>Borrowing of cash</p> <p>1. An ELTIF may borrow cash provided that such borrowing fulfils all of the following conditions:</p> <p>(a) it represents no more than 30 % of the value of the capital of the ELTIF;</p> <p>(b) it serves the purpose of investing in eligible investment assets, except for loans referred to in point (c) of Article 10, provided that the holdings in cash or cash equivalents of the ELTIF are not sufficient to make the investment concerned;</p> <p>(c) it is contracted in the same currency as the assets to be acquired with the borrowed cash;</p> <p>(d) it has a maturity no longer than the life of the ELTIF;</p> <p>(e) it encumbers assets that represent no more than 30 % of the value of the capital of the ELTIF.</p> <p>2. The manager of the ELTIF shall specify in the prospectus of the ELTIF whether or not it intends to borrow cash as part of its investment strategy.</p>	N/A
<p>Article 17</p> <p>Application of portfolio composition and diversification rules</p> <p>1. The investment limit laid down in Article 13(1) shall:</p> <p>(a) apply by the date specified in the rules or instruments of incorporation of the ELTIF;</p> <p>(b) cease to apply once the ELTIF starts to sell assets in order to redeem investors' units or shares after the end of the life of the ELTIF;</p>	N/A

<p>(c) be temporarily suspended where the ELTIF raises additional capital or reduces its existing capital, so long as such a suspension lasts no longer than 12 months.</p> <p>The date referred to in point (a) of the first subparagraph shall take account of the particular features and characteristics of the assets to be invested by the ELTIF, and shall be no later than either five years after the date of the authorisation as an ELTIF, or half the life of the ELTIF as determined in accordance with Article 18(3), whichever is the earlier. In exceptional circumstances, the competent authority of the ELTIF, upon submission of a duly justified investment plan, may approve an extension of this time limit by no more than one additional year.</p> <p>2. Where a long-term asset in which an ELTIF has invested is issued by a qualifying portfolio undertaking that no longer complies with point (b) of Article 11(1), the long-term asset may continue to be counted for the purpose of calculating the investment limit referred to in Article 13(1) for a maximum of three years from the date on which the qualifying portfolio undertaking no longer fulfils the requirements of point (b) of Article 11(1).</p>	
<p>Article 18</p> <p>Redemption policy and life of ELTIFs</p> <p>1. Investors in an ELTIF shall not be able to request the redemption of their units or shares before the end of the life of the ELTIF. Redemptions to investors shall be possible from the day following the date of the end of the life of the ELTIF.</p> <p>Rules or instruments of incorporation of the ELTIF shall clearly indicate a specific date for the end of the life of the ELTIF and may provide for the right to extend temporarily the life of the ELTIF and the conditions for exercising such a right.</p> <p>Rules or instruments of incorporation of the ELTIF and disclosures to investors shall lay down the procedures for the redemption of units or shares and the disposal of assets, and state clearly that redemptions to investors shall commence on the day following the date of the end of life of the ELTIF.</p>	<p>N/A</p>

<p>2. By way of derogation from paragraph 1, rules or instruments of incorporation of the ELTIF may provide for the possibility of redemptions before the end of the life of the ELTIF, provided that all of the following conditions are fulfilled:</p> <ul style="list-style-type: none"> (a) redemptions are not granted before the date specified in point (a) of Article 17(1); (b) at the time of authorisation and throughout the life of the ELTIF, the manager of the ELTIF is able to demonstrate to the competent authorities that an appropriate liquidity management system and effective procedures for monitoring the liquidity risk of the ELTIF are in place, which are compatible with the long-term investment strategy of the ELTIF and the proposed redemption policy; (c) the manager of the ELTIF sets out a defined redemption policy, which clearly indicates the periods of time during which investors may request redemptions; (d) the redemption policy of the ELTIF ensures that the overall amount of redemptions within any given period is limited to a percentage of those assets of the ELTIF which are referred to in point (b) of Article 9(1). This percentage shall be aligned to the liquidity management and investment strategy disclosed by the manager of the ELTIF; (e) the redemption policy of the ELTIF ensures that investors are treated fairly and redemptions are granted on a pro rata basis if the total amount of requests for redemptions within any given period of time exceed the percentage referred to in point (d). <p>3. The life of an ELTIF shall be consistent with the long-term nature of the ELTIF and shall be sufficient in length to cover the life-cycle of each of the individual assets of the ELTIF, measured according to the illiquidity profile and economic life-cycle of the asset and the stated investment objective of the ELTIF.</p> <p>4. Investors may request the winding down of an ELTIF if their redemption requests, made in accordance with the ELTIF's redemption policy, have not been satisfied within one year from the date on which they were made.</p>	
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<p>5. Investors shall always have the option to be repaid in cash.</p> <p>6. Repayment in kind out of an ELTIF's assets shall be possible only where all of the following conditions are met:</p> <p>(a) the rules or instruments of incorporation of the ELTIF provide for this possibility, provided that all investors are treated fairly;</p> <p>(b) the investor asks in writing to be repaid through a share of the assets of the ELTIF;</p> <p>(c) no specific rules restrict the transfer of those assets.</p> <p>7. ESMA shall develop draft regulatory technical standards specifying the circumstances in which the life of an ELTIF is considered sufficient in length to cover the life-cycle of each of the individual assets of the ELTIF, as referred to in paragraph 3.</p> <p>ESMA shall submit those draft regulatory technical standards to the Commission by ...+.</p> <p>Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.</p>	
<p>Article 19</p> <p>Secondary market</p> <p>1. The rules or instruments of incorporation of an ELTIF shall not prevent units or shares of the ELTIF from being admitted to trading on a regulated market or on a multilateral trading facility.</p> <p>2. The rules or instruments of incorporation of an ELTIF shall not prevent investors from freely transferring their units or shares to third parties other than the manager of the ELTIF.</p> <p>3. An ELTIF shall publish in its periodical reports the market value of its listed units or shares along with the net asset value per unit or share.</p> <p>4. In the event that there is a material change in the value of an asset, the manager of the ELTIF shall disclose this to investors in its periodical reports.</p>	N/A

+ OJ please insert the date: 3 months after the date of entry into force of this Regulation.

	<p>Article 20</p> <p>Issuance of new units or shares</p> <p>1. An ELTIF may offer new issues of units or shares in accordance with its rules or instruments of incorporation.</p> <p>2. An ELTIF shall not issue new units or shares at a price below their net asset value without a prior offering of those units or shares at that price to existing investors in the ELTIF.</p>	N/A
<p>Article 21</p> <p>Disposal of ELTIF assets</p> <p>1. An ELTIF shall adopt an itemised schedule for the orderly disposal of its assets in order to redeem investors' units or shares after the end of the life of the ELTIF, and shall disclose this to the competent authority of the ELTIF at the latest one year before the date of the end of the life of the ELTIF.</p> <p>2. The schedule referred to in paragraph 1 shall include:</p> <ul style="list-style-type: none"> (a) an assessment of the market for potential buyers; (b) an assessment and comparison of potential sales prices; (c) a valuation of the assets to be divested; (d) a timeframe for the disposal schedule. <p>ESMA shall develop draft regulatory technical standards specifying the criteria to be used for the assessments in point (a) and the valuation in point (c) of paragraph 2.</p> <p>ESMA shall submit those draft regulatory technical standards to the Commission by ...⁺.</p> <p>Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.</p>		N/A

⁺ OJ please insert the date: 3 months after the date of entry into force of this Regulation.

<p>Article 22 Distribution of proceeds and capital</p> <p>1. An ELTIF may regularly distribute to investors the proceeds generated by the assets contained in its portfolio. Those proceeds shall comprise:</p> <ul style="list-style-type: none"> (a) proceeds that the assets are regularly producing; (b) capital appreciation realised after the disposal of an asset. <p>2. The proceeds shall not be distributed to the extent that they are required for future commitments of the ELTIF.</p> <p>An ELTIF may reduce its capital on a pro rata basis in the event of a disposal of an asset before the end of the life of the ELTIF, provided that such a disposal is duly considered to be in the investors' interests by the manager of the ELTIF.</p> <p>4. The rules or instruments of incorporation of an ELTIF shall specify the distribution policy that the ELTIF will apply during its life.</p>	
<p>Article 23 Transparency</p> <p>1. The units or shares of an ELTIF shall not be marketed in the Union without prior publication of a prospectus.</p> <p>The units or shares of an ELTIF shall not be marketed to retail investors in the Union without prior publication of a key information document in accordance with Regulation (EU) No 1286/2014.</p> <p>2. The prospectus shall include all information necessary to enable investors to make an informed assessment regarding the investment proposed to them and, in particular, the risks attached thereto.</p>	N/A
<p>The prospectus shall contain at least the following:</p> <p>(a) a statement setting out how the ELTIF's investment objectives and strategy for achieving these objectives qualify the fund as long-term in nature;</p>	

<p>(b) information to be disclosed by collective investment undertakings of the closed-end type in accordance with Directive 2003/71/EC and Regulation (EC) No 809/2004;</p> <p>(c) information to be disclosed to investors pursuant to Article 23 of Directive 2011/61/EU, if it is not already covered under point(b) of this paragraph;</p> <p>(d) a prominent indication of the categories of assets in which the ELTIF is authorised to invest;</p> <p>(e) a prominent indication of the jurisdictions in which the ELTIF is allowed to invest;</p> <p>(f) any other information considered by the competent authorities to be relevant for the purposes of paragraph 2.</p> <p>4. The prospectus and any other marketing documents shall prominently inform investors about the illiquid nature of the ELTIF. In particular, the prospectus and any other marketing documents shall clearly:</p> <p>(a) inform investors about the long-term nature of the ELTIF's investments;</p> <p>(b) inform investors about the end of the life of the ELTIF as well as the option to extend the life of the ELTIF, where this is provided for, and the conditions thereof;</p> <p>(c) state whether the ELTIF is intended to be marketed to retail investors;</p> <p>(d) explain the rights of investors to redeem their investment in accordance with Article 18 and with the rules or instruments of incorporation of the ELTIF;</p> <p>(e) state the frequency and the timing of distributions of proceeds, if any, to investors during the life of the ELTIF;</p> <p>(f) advise investors that only a small proportion of their overall investment portfolio should be invested in an ELTIF;</p> <p>(g) describe the hedging policy of the ELTIF, including a prominent indication that financial derivative instruments may be used only for the purpose of hedging risks inherent to other investments of the ELTIF, and</p>	
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<p>an indication of the possible impact of the use of financial derivative instruments on the risk profile of the ELTIF;</p> <p>(h) inform investors about the risks related to investing in real assets, including infrastructure;</p> <p>(i) inform investors regularly, at least once a year, of the jurisdictions in which the ELTIF has invested.</p> <p>5. In addition to the information required under Article 22 of Directive 2011/61/EU, the annual report of an ELTIF shall contain the following:</p> <p>(a) a cash flow statement;</p> <p>(b) information on any participation in instruments involving Union budgetary funds;</p> <p>(c) information on the value of the individual qualifying portfolio undertakings and the value of other assets in which the ELTIF has invested, including the value of financial derivative instruments used;</p> <p>(d) information on the jurisdictions in which the assets of the ELTIF are located.</p> <p>6. Upon the request of a retail investor, the manager of the ELTIF shall provide additional information relating to the quantitative limits that apply to the risk management of the ELTIF, the methods chosen to that end, and the recent evolution of the main risks and yields of the categories of assets.</p>	
<p>Article 24</p> <p>Additional requirements of the prospectus</p> <p>1. An ELTIF shall send its prospectus and any amendments thereto, as well as its annual report, to the competent authorities of the ELTIF. Upon request, an ELTIF shall provide this documentation to the competent authority of the manager of the ELTIF. This documentation shall be provided by the ELTIF within the time period specified by these competent authorities.</p> <p>2. The rules or instruments of incorporation of an ELTIF shall form an integral part of the prospectus and shall be annexed thereto.</p>	<p>N/A</p>

<p>The documents referred to in the first subparagraph shall not be required to be annexed to the prospectus where the investor is informed that, upon request, the investor shall be sent those documents or be apprised of the place where, in each Member State in which the units or shares are marketed, the investor may consult them.</p> <p>3. The prospectus shall specify the manner in which the annual report shall be available to investors. It shall provide that a paper copy of the annual report shall be delivered to retail investors upon request and free of charge.</p> <p>4. The prospectus and the latest published annual report shall be provided to investors upon request and free of charge.</p> <p>The prospectus may be provided in a durable medium or by means of a website. A paper copy shall be delivered to retail investors upon request and free of charge.</p> <p>5. The essential elements of the prospectus shall be kept up to date.</p>	
<p>Article 25</p> <p>Cost disclosure</p> <p>1. The prospectus shall prominently inform investors of the level of the different costs borne directly or indirectly by the investors. The different costs shall be grouped according to the following headings:</p> <ul style="list-style-type: none"> (a) costs of setting up the ELTIF; (b) costs related to the acquisition of assets; (c) management and performance related fees; (d) distribution costs; (e) other costs, including administrative, regulatory, depository, custodial, professional service and audit costs. <p>2. The prospectus shall disclose an overall ratio of the costs to the capital of the ELTIF.</p> <p>3. ESMA shall develop draft regulatory technical standards to specify the common definitions, calculation methodologies and presentation formats of the costs referred to in paragraph 1 and the overall ratio referred to in paragraph 2.</p>	<p>N/A</p>

When developing these draft regulatory technical standards, ESMA shall take into account the regulatory technical standards referred to in points (a) and (c) of Article 8(5) of Regulation (EU) No 1286/2014. ESMA shall submit those draft regulatory technical standards to the Commission by ... ⁺ . Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.	
<p>Article 26</p> <p>Facilities available to investors</p> <p>1. The manager of an ELTIF the units or shares of which are intended to be marketed to retail investors shall, in each Member State where it intends to market such units or shares, put in place facilities available for making subscriptions, making payments to unit- or shareholders, repurchasing or redeeming units or shares and making available the information which the ELTIF and the manager of the ELTIF are required to provide.</p> <p>2. ESMA shall develop draft regulatory technical standards to specify the types and characteristics of the facilities referred to in paragraph 1, their technical infrastructure and the content of their tasks in respect of the retail investors .</p> <p>ESMA shall submit those draft regulatory technical standards to the Commission by ...⁺.</p> <p>Power is delegated to the Commission to adopt the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1095/2010.</p>	Regulations 5 and 6 amend the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (S.I. 2005/1529), and the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001 to clarify that communications permitted under the ELTIF Regulation are not to amount to unauthorised financial promotions.
Article 27 Internal assessment process for ELTIFs marketed to retail investors	N/A

⁺ OJ please insert the date: 3 months after the date of entry into force of this Regulation.

⁺ OJ please insert the date: 3 months after the date of entry into force of this Regulation.

<ol style="list-style-type: none"> 1. The manager of an ELTIF, the units or shares of which are intended to be marketed to retail investors, shall establish and apply a specific internal process for the assessment of that ELTIF before it is marketed or distributed to retail investors. 2. As part of the internal process referred to in paragraph 1, the manager of the ELTIF shall assess whether the ELTIF is suitable for marketing to retail investors, taking into account at least: <ol style="list-style-type: none"> (a) the life of the ELTIF; and (b) the intended investment strategy of the ELTIF. 3. The manager of the ELTIF shall make available to any distributor all appropriate information on an ELTIF that is marketed to retail investors, including all information regarding its life and investment strategy, as well as the internal assessment process and the jurisdictions in which the ELTIF is allowed to invest. 	
<p>Article 28</p> <p>Specific requirements concerning the distribution of ELTIFs to retail investors</p> <ol style="list-style-type: none"> 1. When directly offering or placing units or shares of an ELTIF to a retail investor, the manager of the ELTIF shall obtain information regarding the following: <ol style="list-style-type: none"> (a) the retail investor's knowledge and experience in the investment field relevant to the ELTIF; (b) the retail investor's financial situation, including that investor's ability to bear losses; (c) the retail investor's investment objectives, including that investor's time horizon. Based on the information obtained under the first subparagraph, the manager of the ELTIF shall recommend the ELTIF only if it is suitable for that particular retail investor. 2. Where the life of an ELTIF that is offered or placed to retail investors exceeds 10 years, the manager of the ELTIF or the distributor shall issue a clear written alert that the ELTIF product may not be suitable 	N/A

for retail investors that are unable to sustain such a long-term and illiquid commitment.	
<p>Article 29</p> <p>Specific provisions concerning the depositary of an ELTIF marketed to retail investors</p> <ol style="list-style-type: none"> 1. By way of derogation from Article 21(3) of Directive 2011/61/EU, the depositary of an ELTIF marketed to retail investors shall be an entity of the type referred to in Article 23(2) of Directive 2009/65/EC. 2. By way of derogation from the second subparagraph of Article 21(13) and Article 21(14) of Directive 2011/61/EU, the depositary of an ELTIF marketed to retail investors shall not be able to discharge itself of liability in the event of a loss of financial instruments held in custody by a third party. 3. The liability of the depositary referred to in Article 21(12) of Directive 2011/61/EU shall not be excluded or limited by agreement where the ELTIF is marketed to retail investors. 4. Any agreement that contravenes paragraph 3 shall be void. 5. The assets held in custody by the depositary of an ELTIF shall not be reused by the depositary, or by any third party to whom the custody function has been delegated, for their own account. Reuse comprises any transaction involving assets held in custody including, but not limited to, transferring, pledging, selling and lending. <p>The assets held in custody by the depositary of an ELTIF are only allowed to be reused provided that:</p> <ol style="list-style-type: none"> (a) the reuse of the assets is executed for the account of the ELTIF; (b) the depositary is carrying out the instructions of the manager of the ELTIF on behalf of the ELTIF; (c) the reuse is for the benefit of the ELTIF and in the interests of the unit- or shareholders; and (d) the transaction is covered by high quality and liquid collateral received by the ELTIF under a title transfer arrangement. 	N/A

<p>The market value of the collateral referred to in point (d) of the second subparagraph shall at all times amount to at least the market value of the reused assets plus a premium.</p>	
<p>Article 30 Additional requirements for marketing ELTIFs to retail investors</p> <ol style="list-style-type: none"> 1. The units or shares of an ELTIF may be marketed to retail investors on the condition that retail investors are provided with appropriate investment advice from the manager of the ELTIF or the distributor. 2. A manager of an ELTIF: may directly offer or place units or shares of the ELTIF to retail investors only if that manager is authorised to provide the services referred to in points (a) and (b)(i) of Article 6(4) of Directive 2011/61/EU and only after that manager has performed the suitability test referred to in Article 28(1) of this Regulation. 3. Where the financial instrument portfolio of a potential retail investor does not exceed EUR 500 000, the manager of the ELTIF or any distributor, after having performed the suitability test referred to in Article 28(1) and having provided appropriate investment advice, shall ensure, on the basis of the information submitted by the potential retail investor, that the potential retail investor does not invest an aggregate amount exceeding 10 % of that investor's financial instrument portfolio in ELTIFs and that the initial minimum amount invested in one or more ELTIFs is EUR 10 000. <p>The potential retail investor shall be responsible for providing the manager of the ELTIF or the distributor with accurate information on the potential retail investor's financial instrument portfolio and investments in ELTIFs as referred to in the first subparagraph.</p> <p>For the purpose of this paragraph, a financial instrument portfolio shall be understood to include cash deposits and financial instruments, but shall exclude any financial instruments that have been given as collateral.</p> <ol style="list-style-type: none"> 4. The rules or instruments of incorporation of an ELTIF marketed to retail investors shall provide that all investors benefit from equal 	<p>Article 30.5 is made workable by regulation 9 - to ensure that in the case of ELTIFs marketed to retail investors, the legal structure of an ELTIF cannot lead to any additional liability for limited partners beyond their original capital commitment.</p>

<p>treatment and no preferential treatment or specific economic benefits are granted to individual investors or groups of investors.</p> <p>5. The legal form of an ELTIF marketed to retail investors shall not lead to any further liability for the retail investor or require any additional commitments on behalf of such an investor, apart from the original capital commitment.</p> <p>6. Retail investors shall be able, during the subscription period and at least two weeks after the date of their subscription to units or shares of the ELTIF, to cancel their subscription and have the money returned without penalty.</p> <p>7. The manager of an ELTIF marketed to retail investors shall establish appropriate procedures and arrangements to deal with retail investor complaints, which allow retail investors to file complaints in the official language or one of the official languages of their Member State.</p>	
<p>Article 31</p> <p>Marketing of units or shares of ELTIFs</p> <p>1. The manager of an ELTIF shall be able to market the units or shares of that ELTIF to professional and retail investors in its home Member State upon notification in accordance with Article 31 of Directive 2011/61/EU.</p> <p>2. The manager of an ELTIF shall be able to market the units or shares of that ELTIF to professional and retail investors in Member States other than in the home Member State of the manager of the ELTIF upon notification in accordance with Article 32 of Directive 2011/61/EU.</p> <p>3. The manager of an ELTIF shall, in respect of each ELTIF that it manages, specify to competent authorities whether or not it intends to market the ELTIF to retail investors.</p> <p>4. In addition to the documentation and information required pursuant to Articles 31 and 32 of Directive 2011/61/EU, the manager of the ELTIF shall provide competent authorities with the following:</p> <p>(a) the prospectus of the ELTIF;</p> <p>(b) the key information document of the ELTIF in the event that it is marketed to retail investors; and</p>	<p>N/A</p>

<p>(c) information on the facilities referred to in Article 26.</p> <p>5. The competences and powers of the competent authorities pursuant to Articles 31 and 32 of Directive 2011/61/EU shall be understood to refer also to the marketing of ELTIFs to retail investors and to cover the additional requirements laid down in this Regulation.</p> <p>6. In addition to its powers set out in the first subparagraph of Article 31(3) of Directive 2011/61/EU, the competent authority of the home Member State of the manager of the ELTIF shall also prevent the marketing of an ELTIF if the manager of the ELTIF does not or will not comply with this Regulation.</p> <p>7. In addition to its powers set out in the first subparagraph of Article 32(3) of Directive 2011/61/EU, the competent authority of the home Member State of the manager of the ELTIF shall also refuse the transmission of a complete notification file to the competent authorities of the Member State where the ELTIF is intended to be marketed if the manager of the ELTIF does not comply with this Regulation.</p>	
<p>Article 32</p> <p>Supervision by the competent authorities</p> <p>1. The competent authorities shall supervise compliance with this Regulation on an ongoing basis.</p> <p>2. The competent authority of the ELTIF shall be responsible for supervising compliance with the rules laid down in Chapters II, III and IV.</p> <p>3. The competent authority of the ELTIF shall be responsible for supervising compliance with the obligations set out in the rules or instruments of incorporation of the ELTIF, and the obligations set out in the prospectus, which shall comply with this Regulation.</p> <p>4. The competent authority of the manager of the ELTIF shall be responsible for supervising the adequacy of the arrangements and organisation of the manager of the ELTIF so that the manager of the ELTIF is in a position to comply with the obligations and rules which relate to the constitution and functioning of all the ELTIFs that it manages.</p>	<p>N/A</p>

<p>The competent authority of the manager of the ELTIF shall be responsible for supervising compliance of the manager of the ELTIF with this Regulation.</p> <p>5. Competent authorities shall monitor collective investment undertakings established or marketed in their territories to verify that they do not use the designation 'ELTIF' or suggest that they are an ELTIF unless they are authorised under, and comply with, this Regulation.</p>	
<p>Article 33</p> <p>Powers of competent authorities</p> <p>1. Competent authorities shall have all supervisory and investigatory powers that are necessary for the exercise of their functions pursuant to this Regulation.</p> <p>2. The powers conferred on competent authorities in accordance with Directive 2011/61/EU, including those related to penalties, shall also be exercised with respect to this Regulation.</p> <p>3. The competent authority of the ELTIF shall prohibit the use of the designation 'ELTIF' or 'European long-term investment fund' in the event that the manager of the ELTIF no longer complies with this Regulation.</p>	<p>Regulation 8 amends the Financial Services and Markets Act 2000 (Qualifying EU Provisions) Order 2013 (S.I. 2013/419) to specify the ELTIF Regulation and directly applicable EU Regulations made under the ELTIF Regulation as qualifying EU provisions for the purposes of various provisions of the Financial Services and Markets Act 2000. The amendments enable the FCA to enforce directly applicable requirements arising from the ELTIF Regulation and directly applicable EU Regulations made under it in relation to persons in the United Kingdom.</p> <p>Regulation 3 makes amendments to the Financial Services and Markets Act 2000 (c. 8) to clarify that the Financial Conduct Authority's (FCA's) powers to vary or cancel the permission of a full-scope UK AIFM (i.e. a full-scope UK AIFM defined in regulation 2 of the Alternative Investment Fund Manager Regulations 2013 (S.I. 2013/1773)) may be exercised where it appears to the FCA that the manager has seriously or systematically infringed the ELTIF Regulation. It also makes amendments to clarify that the FCA may use its powers of intervention in respect of an incoming EEA AIFM (i.e. an AIFM that is exercising an EEA passport right in the United Kingdom) if it appears to the FCA that the AIFM has contravened, or is likely to contravene, a requirement imposed by the ELTIF Regulation. It also makes clear that the criminal offence of misleading the FCA applies to a person who knowingly or recklessly gives the FCA false or misleading information in purported compliance with a requirement imposed by the ELTIF Regulation.</p>

<p>Article 34</p> <p>Powers and competences of ESMA</p> <ol style="list-style-type: none"> 1. ESMA shall have the powers necessary to carry out the tasks attributed to it by this Regulation. 2. ESMA's powers in accordance with Directive 2011/61/EU shall also be exercised with respect to this Regulation and in compliance with Regulation (EC) No 45/2001. 3. For the purposes of Regulation (EU) No 1095/2010, this Regulation shall be understood as a further legally binding Union act which confers tasks on ESMA as referred to in Article 1(2) of Regulation (EU) No 1095/2010. 	N/A
<p>Article 35</p> <p>Cooperation between competent authorities</p> <ol style="list-style-type: none"> 1. The competent authority of the ELTIF and the competent authority of the manager of the ELTIF, if different, shall cooperate with each other and exchange information for the purpose of carrying out their duties under this Regulation. 2. Competent authorities shall cooperate with each other in accordance with Directive 2011/61/EU. 3. Competent authorities and ESMA shall cooperate with each other for the purpose of carrying out their respective duties under this Regulation in accordance with Regulation (EU) No 1095/2010. 4. Competent authorities and ESMA shall exchange all information and documentation necessary to carry out their respective duties under this Regulation in accordance with Regulation (EU) No 1095/2010, in particular to identify and remedy infringements of this Regulation. 	N/A
<p>Article 36</p> <p>Processing of applications by the Commission</p> <p>The Commission shall prioritize and streamline its processes for all applications by ELTIFs for financing from the EIB. The Commission shall</p>	N/A

streamline the delivery of any opinions or contributions on any applications by ELTIFs for financing from the EIB.	
<p>Article 37 Review</p> <p>1. No later than ...⁺, the Commission shall start a review of the application of this Regulation. The review shall analyse, in particular:</p> <p>(a) the impact of Article 18;</p> <p>(b) the impact on asset diversification of the application of the minimum threshold of 70 % of eligible investment assets laid down in Article 13(1);</p> <p>(c) the extent to which ELTIFs are marketed in the Union, including whether AIFMs falling under Article 3(2) of Directive 2011/61/EU might have an interest in marketing ELTIFs;</p> <p>(d) the extent to which the list of eligible assets and investments should be updated, as well as the diversification rules, portfolio composition and limits regarding the borrowing of cash.</p> <p>2. Following the review referred to in paragraph 1, and after consulting ESMA, the Commission shall submit to the European Parliament and to the Council a report assessing the contribution of this Regulation and of ELTIFs to the completion of the capital markets union and to the achievement of the objectives set out in Article 1(2). The report shall be accompanied, where appropriate, by a legislative proposal.</p>	N/A
<p>Article 38 Entry into force</p> <p>This Regulation shall enter into force on the twentieth day following its publication in the Official Journal of the European Union.</p> <p>It shall apply from ...⁺.</p>	N/A

⁺ OJ please insert the date: four years after the date of entry into force of this Regulation.

⁺ OJ please insert the date: six months after entry into force of this Regulation.

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

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