

Submission

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CREATING LASTING VALUE

On behalf of the Public Affairs Executive (PAE) of the EUROPEAN PRIVATE EQUITY AND VENTURE CAPITAL INDUSTRY

November 2013

To European Commission/Members of European Parliament

Re Position Paper on the European Commission Proposal for a Regulation on “European Long-term Investment Funds” (2013/0214 (COD))

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Introduction

The Public Affairs Executive (PAE) of the European Private Equity and Venture Capital Association (EVCA) welcomes the publication of the European Commission Proposal for a Regulation on “European Long-term Investment Funds” (the Proposal).

We write on behalf of the representative national and supranational European private equity and venture capital (“PE/VC”) bodies. Our members cover the whole investment spectrum, from the institutional investors investing in the industry through to the PE/VC firms who use that capital to invest in European companies at all stages of their development.

We speak on behalf of the entire European PE/VC industry, investors as well as managers, although many of the points made in this paper may also apply to other long term asset classes, such as infrastructure.

Private equity: investing for the long term

European private equity shares the Commission’s goal of ensuring sustainable and adequate long-term financing of undertakings in Europe, as we reiterated in our response to the Commission’s Green Paper on Long-term Financing of the European Economy¹. We recognise the urgent challenge to put the EU back on the path of smart, sustainable and inclusive growth, which requires long-term investment and a shift away from short-termism and towards long-term goals. As a long-term investor in, and active owner of European companies, private equity is ready to make its contribution.

Since the onset of the economic crisis, bank lending to European companies has been in decline, and this trend is continuing according to the recent ECB survey on bank lending.² European businesses need equity investment to generate sustainable growth and to help create long-term jobs. They also need access to finance to manage cash-flows. European private equity firms already provide financing to about 5,000 companies per year, of which 83% are Small and

¹ EVCA Response to the European Commission Green Paper on Long Term Financing, June 2013, <http://www.evca.eu/WorkArea/downloadasset.aspx?id=7734>

² European Central Bank, The Euro Area Bank Lending Survey, July 2013

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Medium-sized Enterprises.³ The proposed ELTIF has the potential to facilitate such financing, if structured to match both the needs of the ultimate recipients of this financing, i.e. the SMEs or infrastructure projects, as well as the investors.

The PE / VC industry is, by definition, a substantial long-term investor in Europe's real economy. Private equity and venture capital funds have invested €271 billion in Europe since 2007, with investments in European companies being held on average for 5 years.⁴ The PE / VC model is, therefore, a robust vehicle through which to channel capital to long-term businesses and projects.

Developing the ELTIF Proposal

Providing effective and efficient intermediation channels for long-term financing is a complex and multi-dimensional task and we commend the Commission's efforts to create a new product and brand to encourage investors to commit their capital for the long term.

We believe that the Proposal could be improved in a number of respects in order to create an even more attractive investment vehicle. In general, the Proposal suffers from a lack of flexibility, a key component in all investment activity, as some provisions regarding the structure of the proposed ELTIFs are quite restrictive.

The Proposal would benefit from also allowing managers of European Venture Capital Funds, as well as Alternative Investment Fund Managers, to become managers of ELTIFs. Allowing two routes to become an ELTIF would widen the pool of investors interested in investing into long term assets and allow smaller funds who are outside the scope of the Alternative Investment Fund Managers Directive - but still regulated at EU level - to offer this product.

Opening up long-term investment classes to retail investors in order to maximise the pool of available capital is one of the principal aims of the ELTIF, and we recognize that it will require high standards of protection to be put in place for such investors. However, the ELTIF model also has potential to attract professional investors, especially those that manage long-term retail monies, i.e. insurance companies and pension funds, such as Defined Contribution pension schemes. In order to do this, the requirements set out in the proposal -

³ EVCA/PEREP_Analytics (2012)

⁴ EVCA/PEREP_Analytics (2011) and Strömberg (2009), SSRN Working Paper

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particularly the prospectus requirements - should differentiate between retail and professional investors. The protection that should be rightly offered to the former does not always need to be extended to the latter.

In attempting to attract both retail and professional investors into the same ELTIF, there is a risk of unwittingly discouraging the latter from investing in the proposed funds. If all of the requirements which are necessary for the protection of retail investors are also applied to professional investors, then the ELTIF may look less attractive. Similarly, we recognize the inherent difficulty in attempting to provide for the liquidity needs of retail investors in a long-term investment vehicle.

We believe that the provisions of Chapter IV, in particular, should provide a differentiated regime for retail and professional investors. ELTIF requirements for professional investors on the one hand should be closely aligned to AIFMD while an ELTIF's requirements for retail investors on the other hand should be subject to the proposed higher standards.

In order to implement this approach, we propose to have two separate types of ELTIFs, one for professional investors and one for retail investors, both of which would bear the ELTIF brand. The "Retail ELTIF" (or ELTIF-R) would be subject to higher transparency and information requirements than the "Professional ELTIF" (or ELTIF-P).

A professional investor would not be prevented from investing in a Retail ELTIF, but they would then be treated as de facto retail investors in terms of requirements and obligations.

We agree that ESMA should be commissioned to develop draft regulatory technical standards (RTS) for the disposal of ELTIF assets under **Article 19**. This will allow for a proper technical discussion on the various aspects of asset disposal, including the implications on transparency requirements in Chapter IV of the Proposal.

We feel that it is reasonable for the ELTIF to provide forecasted information on potential future sales prices, valuations and timeframes, but it should *not* be required to try and give an exact plan to investors as this is impossible, especially when investing in unlisted securities/investments. For example, the requirement to provide a "precise timeframe" for the disposal of an ELTIF's assets or the value at which those assets will be disposed of is unworkable, since disposal of assets will depend on market conditions. The degree of specificity with which disposals can be planned also depends on the asset category. Assets

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will be affected by such factors as the wider macroeconomic environment, changing levels of supply and demand, fluctuation in market prices, fluctuation in the prices of raw materials and changing labour costs, all of which are difficult to predict with certainty. It is necessary therefore to allow an element of flexibility in this Article.

As a solution, we propose that Article 19 be revised to require an ELTIF to: (i) prepare a plan for the disposal of its assets as part of its end-of-life planning; (ii) to provide that the plan will be periodically reviewed and updated annually and (iii) to include the list of items in Article 19(2) as examples of elements such plans can include rather than as specific examples of elements every plan must include.

The periodic review of the plan for disposal of assets should take place no more frequently than once a year as any time period shorter than this would be excessively onerous. Also, similar to **Article 15** on portfolio composition and diversification, the requirement to provide such a plan should not take effect during the early stages of the ELTIF, when investments are being made. The requirement to provide for the plan should take effect after a period of 5 years, depending on the assets of the ELTIF.

Article 24 lays down additional requirements for the manager of an ELTIF for marketing to retail investors, and includes principles such as equal and non-preferential treatment. Notably, Article 24(g) prohibits the marketing of ELTIF units/shares to retail investors if the ELTIF is structured as a partnership. This restriction would cause significant obstacles particularly in those jurisdictions where partnerships are the only viable legal structure which will work for ELTIFs. This is the case, in particular, in the United Kingdom and Germany. In both countries, the limited partnership is often the most tax efficient from an investor point of view and the ELTIF risks being a comparatively unattractive option if it cannot use this structure.

The limited partnership model is also used by listed vehicles, whether funds or managers. In this category, one can find examples of retail products organised as limited partnerships. This model should not therefore be excluded as a matter of principle from the scope of the Proposal. We submit that Article 24(g) should be amended to allow for “*limited partnerships where investors benefit from limited liability*” to market units/shares of an ELTIF to retail investors.

Finally, we believe that the ELTIF should have the option to be diversified into a fund of funds by increasing the limit on investing in other ELTIFs, EuVECAs and EuSEFs to 100%. This would make the ELTIF more marketable, especially to retail

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investors as it would provide better spreading of risks. It would also result in more opportunities to provide returns to investors during the life of the fund as the ELTIF will be invested in more diversified and numerous underlying assets. In this way, assets which are realized or generate revenue and are assets of funds into which the ELTIF is invested will release money back to the ELTIF which can then be paid out to investors.

In the remainder of this paper, we provide our specific comments on each chapter of the Proposal, including suggestions on how it can be improved to further enhance the availability of capital for long-term investment while ensuring investor protection. We then provide specific draft amendments in the Annex.

Specific Comments

Chapter I - General Provisions

We agree with the definition of capital, as provided for in **Article 2** of the Proposal. This definition, consistent with the definition of capital in Regulation 345/2013 on European Venture Capital Funds allows for an appropriate calculation of investible capital, taking into account the deduction of fees, charges and expenses.

In **Article 6**, we believe that Retail ELTIFs whose managers are authorized under the EuVECA Regulation should require the appointment to the ELTIF of a depositary of the type set out in Article 21.3 of AIFMD. Thus, all Retail ELTIF managers, whether authorized under AIFMD or EuVECA would be required to appoint a depositary in the interests of additional investor protection. For "Professional ELTIFs" we believe that the existing differentiation between EuVECAs and AIFs in this regard should be maintained and that the higher protection provisions of AIFMD are not warranted for professional investors under the EuVECA rules. A EuVECA authorized ELTIF manager would not therefore be required to appoint a depositary.

Chapter II - Obligations concerning the investment policies of ELTIFs

Chapter II needs to be amended in order to provide more clarity and ensure legal certainty.

Article 8 lays down the categories of assets into which an ELTIF can invest and the conditions which must be adhered to while doing so, including a list of prohibited activities. In this latter category, **Article 8 2(c)** prohibits an ELTIF

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from entering into any agreement that would “*encumber the assets of the ELTIF*”.

We endorse the restrictions on securities borrowing and other activities, but Article 8 2(c) would nevertheless present a difficulty in that any credit facility for cash management purposes allowed under **Article 14** (see below) would invariably need a charge to be placed on the assets of the fund. This is standard practice in the granting of credit and usually involves the lender having a right of security over tangible assets of the borrower which can be enforced, i.e. seized, in the event that the borrower defaults on their repayments. In the absence of such an agreement, lenders are less likely to grant credit, with potentially significant implications for the ELTIF’s ability to manage its cash flow.

While both the ELTIF structure and Article 14 - which permits the borrowing of cash under specified circumstances - indicate that such a credit facility should be permitted, its practical operation may fall foul of Article 8 2(c).

Furthermore, the Proposal should make clear that the borrowing restrictions in Article 14 apply at the level of the *ELTIF* itself and not to the underlying investments, i.e. the 30% limit (and other conditions in Article 14) govern the credit agreements taken on by the ELTIF and do not entail restrictions on borrowing by the companies/projects into which an ELTIF invests.

Very often, long term assets need to be acquired and their subsequent holding structured using holding companies (as several different layers/groups of investors/shareholders with differing rights could be invested in the asset alongside an ELTIF). Under the current **Article 9** on eligible investment assets it is unclear whether an indirect investment via holding entities into a long term asset may disqualify an asset as being eligible. **Article 10 (2)** indicates that such holding structures are generally allowed, but we are afraid that this is not sufficient to cover multi-layer structures.

Similar to the Regulation on European Venture Capital Funds, it should furthermore be clarified in Article 9 that eligible assets cannot only be acquired from a qualified portfolio company on issuance but also from *existing* holders of the asset.

Following the amendments in Article 9, **Article 10** on what is a “qualifying portfolio undertaking” should be amended accordingly. Furthermore Article 10 (1) should clarify, similar to the Regulation on European Venture Capital Funds, that these preconditions need to be fulfilled at the time of the investment as an

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ELTIF may not have control over an undertaking after the investment has been made.

Many ELITFs which will ultimately want to invest in eligible assets will deem it optimal to do so through a Special Purpose Vehicle (SPV), and we favour providing for this option in Article 10. An SPV is a legal entity established by a company or investment fund for a specific business purpose.

We favour adequate flexibility in the ELTIF rules which will ensure that the ELTIF manager has the freedom to decide on the most appropriate and efficient investment strategy for the ELTIF, in light of the nature of its assets. Often, this approach will entail utilising SPVs in order to align the interests of the ELTIF investors with the interests of other investors in that asset, as mentioned previously. An SPV structure will also allow access to assets while isolating financial risk. ELTIF managers will be keen to provide finance to large infrastructure projects without the danger of putting the entire ELTIF at wider risk of incurring liabilities, should that project perform unfavourably. This will ensure additional investor protection and potentially higher returns. While not every ELTIF will engage in this route, we feel that it is a valuable tool to have in the investment kit of the ELTIF manager and should not be prohibited.

We endorse the spirit of **Article 11** that there should be no conflicts of interest of the fund manager but highlight that the fund manager is already under the obligation to avoid conflicts of interests under the AIFMD for AIFMD authorised ELTIF managers. Notwithstanding this principle, the drafting of Article 11 presents the potential for negative unintended consequences. Private equity firms are required by investors to also invest their own funds. This is designed to deliver an alignment of interest. While such a scenario would not appear to be the primary basis for the inclusion of Article 11, the Article's current drafting would unnecessarily restrict this practice which is regarded by professional investors as one of the strongest protections they have when investing in a private equity fund.

Similar to the points raised for Article 10, Article 11 needs to be amended in order to allow for equal treatment and access to assets. Under AIFMD, mechanisms are foreseen for how conflicts of interest are to be managed by the fund manager. The PAE proposes that similar provisions should be inserted into the ELTIF Proposal as this will provide for more flexibility.

Article 12 outlines rules for portfolio composition and diversification, requiring an ELTIF to invest at least 70% of its capital in eligible investments, and comply with limits on investments in individual portfolio undertakings and other ELTIFs,

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among other stipulations. This Article could make ELTIFs more attractive if they are diversified into a fund of funds. This is necessary as ELTIFs are likely to be focused in their investment behaviour on specific assets/geographical regions and hence, diversification into other assets/areas helps to reduce risk. As mentioned earlier, this is especially important for retail investors.

Indeed, it is interesting to note that traditionally some Member States only allow retail investors to invest in alternative assets through funds of funds. The option to diversify into a fund of funds is currently incompatible with Article 12(3), however. We would suggest raising the limit in Article 12(3) to 100%. Such a change would also make it easier for ELTIFs to raise capital as first-time investors into an asset class commonly demand fund of fund products, in order to spread their risks.

Article 14 allows leverage for the purpose of acquiring eligible investment assets. It should be clarified that generally short term borrowing e.g. for cash management should be allowed (see also comments in relation to Article 8 above). We therefore suggest amending Article 14 accordingly. Such cash management facilities may be necessary, for example to bridge finance for a defaulting investor, especially for retail investors who face unexpected life events (e.g. illness, divorce) which sometimes prevent their ability to meet short notice capital calls. More importantly, it is the traditional way of reducing the time and amount of investors' cash held by the fund manager.

Article 14 should also clarify that borrowing at the level of the portfolio and acquisition company is not subject to this provision. Borrowing at the level of the portfolio and acquisition company should be permitted. It should also be clarified that borrowing at the company level is allowed in situations where the ELTIF does not provide a guarantee. We believe that the absence of such a guarantee should not hamper access to credit as the borrower is always judged on its own merits, i.e. cash flow generation capability to meet interest and amortisation payments.

Article 15 lays down rules on portfolio composition and diversification. It states that the investment limits in the Proposal shall not apply at the beginning of the life of an ELTIF - while investments are being made - nor towards the end of its life when it is selling assets, having regard to the particular characteristics of its assets.

We feel that this Article should allow an ELTIF to be structured with a mechanism whereby investors make a commitment to the investment manager to provide capital at a future point in time - a mechanism often used in current

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private equity funds between the manager and the investors. The decision as to when to draw down the committed capital will then be made by the investment manager depending on the identification of suitable investment and divestment opportunities. Such a structure significantly benefits investors. The holding of idle amounts of cash while waiting for investment opportunities by the ELTIF manager will negatively affect investors' returns.

This mechanism - which would be an option open to fund managers, not an obligation - would necessitate appropriate disclosure and risk warning in order to ensure investor protection. We feel it would be an appropriate mechanism to permit and consistent with existing practice in long term investing. This Article should make clear that the limits and restrictions detailed in Chapter II of the Proposal are based on *aggregate* commitments (i.e. *both* the capital already given to the investment manager *and* the residual capital promised to the investment manager in the future) to the ELTIF and not on *net asset value* (i.e. the value of a fund's assets minus its liabilities) as this would exclude capital available to the fund in the future.

This is a much more realistic and prudent method to assess the actual capital contained in the ELTIF. It would also avoid the anomaly whereby the exclusion of future promised capital from an ELTIF's overall capital restricts the ELTIF from borrowing money or investing in certain businesses and projects for fear of falling foul of the limits and restrictions in Chapter II.

Chapter III - Redemption, trading and issue of ELTIF shares or units and distributions of income

We understand that the requirement of free transfer of shares/units of ELTIFs on the secondary market as provided for in **Article 17(2)** is drafted with retail investors in mind. However, we regard this as potentially problematic, particularly in structures commonly used for professional investors in which they make a legally binding commitment to manager to provide capital at a future point in time (as detailed above). If investors have not contributed their full commitment, but are able to transfer their interest entirely freely without any guarantees about the new investors, the ELTIF faces a risk of not receiving promised contributions. This could have a serious adverse impact on the fund manager's ability to implement the stated investment strategy and adhere to the diversification requirements, to the detriment of the other investors in the fund.

In our view, changing to a full contribution requirement at the time of the investment is not an alternative as this would leave the ELTIF with enormous

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cash at hand at the time of establishment which may turn ELTIFs effectively into money market funds. We therefore advocate that the transfer of shares/units should not be allowed to happen entirely freely but, rather, should be allowed subject to conditions which are consistent with the type of investors in the ELTIF and its investment strategy. These conditions would be foreseen in the fund documentation.

Regarding Article 20, which provides the grounds for an ELTIF to distribute income generated by the assets contained in the portfolio of an ELTIF to investors, we favour the deletion of the term “regularly” and also feel that the word “income” should be changed to “proceeds”, including in the title of this Article. Although the term “regularly” is understandable in connection with a debt security with a regular coupon, it may cause confusion as applied to other asset categories. Changing the term “income” to “proceeds” is necessary to reflect the fact that some of the returns within the fund will be the proceeds from a sale of an undertaking or real asset (i.e. capital gains) rather than an income stream from that undertaking or real asset.

These changes would both allow for capital distributions and provide more appropriate terminology. Furthermore, it would be beneficial to investors if the manager is free to distribute capital contributions, unlike what is currently foreseen under Article 20 1(b).

Chapter IV - Transparency Requirements

It is apparent that Chapter IV has been drafted to fulfil the transparency needs of retail investors while failing to adequately balance these needs with those of professional investors.

Article 21.4(f) is illustrative in this regard as it requires the ELTIF manager to advise professional investors that only a small proportion of their overall investment portfolio should be invested in an ELTIF. Such advisory requirements for professional investors are unnecessary and unwarranted as these investors possess the relevant expertise and experience in order to enable them to choose investment products suitable to their needs.

Article 21.4(f) also bears the hallmark of a suitability test in that the ELTIF manager may need to determine the objectives of the investor and tailor their advice accordingly. The fact that what constitutes a “small proportion of their overall investment portfolio” is not defined further adds to the uncertainty. The provision also acts as a warning stamp on the product. Although these provisions

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will be relative straight-forward to satisfy, they will nevertheless require more disclosure to professional investors and increase the costs of the ELTIF.

We favour a clearer distinction between professional investors and retail investors which should be provided for through differentiated “Professional ELTIFs” and “Retail ELTIFs”. The treatment of professional investors should be closely aligned to AIFMD while retail investors should have a separate higher treatment. In particular:

- The requirement for a Key Investor Document (KID) similar to UCITS funds under **Article 21** - which lays down rules for transparency and information to be provided as part of the marketing of units/shares of ELTIFs - could act as a detriment to the ELTIF’s success if it is too onerous. Similarly, the prospectus would seem to be unnecessary for ELTIFs addressed only to professional investors who have specific expertise and experience in investments in which ELTIFs are involved. In this context, the prospectus represents a potentially large burden. The inclusion of a summary page would ensure that enough information is provided to professional investors while not being burdensome in terms of preparation.
- **Article 22** specifies that the different costs to the investor, both direct and indirect, must be contained within the prospectus. The PAE believes that this Article is ill-suited to professional investors in stipulating the need to inform investors of the precise costs of the ELTIF. Moreover, it is difficult to determine an overall ratio of the costs to the capital of the ELTIF at the outset of the fund’s life as these costs can change during the life of the fund. As a general principle preceding the publication of draft regulatory technical standards from ESMA, a more feasible and appropriate disclosure requirement for professional investors would see costs stated as a maximum amount.

Chapter V - Marketing of units or shares of ELTIFs

The industry would welcome explanation of the rationale for the requirement in **Article 23** to have “*facilities*” in each Member State for making subscriptions, making payments to unit-holders or shareholders, repurchasing or redeeming units/shares and making information available. We regard it as being sufficient to have such a facility only in the ELTIF’s home Member State (and consistent with the cross-border provision of financial services in an internal market).

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Under **Article 24**, it is unclear why the restriction on partnerships is included as there is no explanation offered in Recital 36 on investor protection. Investors should be sufficiently protected when incorporated under limited liability. Furthermore, sections (f) and (h) in Article 24 would appear to be sufficient in themselves to ensure protection of retail investors. As already expressed, the PAE believes that this Article should be amended to allow for “limited partnerships where investors benefit from limited liability” to market units/shares of an ELTIF to retail investors.

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Annex - EVCA Draft Amendments

Chapter 1 - General Provisions

Commission Text	EVCA Draft Amendment
<p><i>Article 1</i> <i>Subject matter</i></p> <p>1. This Regulation lays down uniform rules on the authorisation, investment policies and operating conditions of EU alternative investment funds (AIFs) that are marketed in the Union as European long-term investment funds (ELTIFs).</p> <p>2. Member States shall not add any additional requirements in the field covered by this Regulation.</p>	<p><i>Article 1</i> <i>Subject matter</i></p> <p>1. This Regulation lays down uniform rules on the authorisation, investment policies and operating conditions of EU alternative investment funds (AIFs) <u>and European Venture Capital Funds (EuVECAs)</u> that are marketed in the Union as European long-term investment funds (ELTIFs).</p> <p>2. Member States shall not add any additional requirements in the field covered by this Regulation.</p>
<p><i>Article 2</i> <i>Definitions</i></p> <p>(1) 'capital' means aggregate capital contributions</p>	<p><i>Article 2</i> <i>Definitions</i></p> <p>(1) 'capital' means aggregate capital contributions and</p>

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and uncalled committed capital, calculated on the basis of amounts investible after deduction of all fees, charges and expenses which are directly or indirectly borne by investors;

- (2) 'equity' means ownership interest in an undertaking, represented by the shares or other forms of participation in the capital of the qualifying portfolio undertaking issued to its investors;
- (3) '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;
- (4) 'financial undertaking' means any of the following:
 - (a) a credit institution as defined in point(1) of Article 4 of Directive 2006/48/EC of the European Parliament and of the Council 16;
 - (b) an investment firm as defined in point (1) of Article 4(1) of Directive 2004/39/EC;

uncalled committed capital, calculated on the basis of amounts investible after deduction of all fees, charges and expenses which are directly or indirectly borne by investors;

- (2) 'equity' means ownership interest in an undertaking, represented by the shares or other forms of participation in the capital of the qualifying portfolio undertaking issued to its investors;
- (3) '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;
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<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 Council 17; (d) a financial holding company as defined in point (19) of Article 4 of Directive 2006/48/EC; (e) a mixed-activity holding company as defined in point (20) of Article 4 of Directive 2006/48/EC;</p> <p>(5) ‘competent authority of the ELTIF’ means the competent authority of the home Member State of the EU AIF as defined in Article 4(1)(p) of Directive 2011/61/EU;</p> <p>(6) ‘ELTIF home Member State’ means the Member State where the ELTIF is authorised</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 Council 17; (d) a financial holding company as defined in point (19) of Article 4 of Directive 2006/48/EC; (e) a mixed-activity holding company as defined in point (20) of Article 4 of Directive 2006/48/EC;</p> <p>(5) ‘competent authority of the ELTIF’ means the competent authority of the home Member State of the EU AIF as defined in Article 4(1)(p) of Directive 2011/61/EU;</p> <p>(6) ‘ELTIF home Member State’ means the Member State where the ELTIF is authorised;</p> <p>(7) <u>“Professional ELTIF” means an ELTIF whose investors are exclusively professional investors;</u></p> <p>(8) <u>“Retail ELTIF” means an ELTIF whose investors include retail investors;</u></p>
<p><i>Article 3 Authorisation and use of designation</i></p>	<p><i>Article 3 Authorisation and use of designation</i></p>

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<p>1. Only EU AIFs shall be eligible for authorisation as an ELTIF.</p> <p>2. An ELTIF shall only be marketed in the Union where it has been authorised in accordance with this Regulation. The authorisation as an ELTIF shall be valid for all Member States.</p> <p>3. A collective investment undertaking shall only use the designation 'ELTIF' or 'longterm investment fund' in relation to itself or the units or shares it issues where it has been authorised in accordance with this Regulation.</p> <p>4. The competent authorities of the ELTIF shall, on a quarterly basis, inform ESMA of authorisations granted or withdrawn pursuant to this Regulation. ESMA shall keep a central public register identifying each ELTIF authorised under this Regulation, its manager and the competent authority of the ELTIF. The register shall be made available in electronic format.</p>	<p>1. Only EU AIFs and <u>EuVECA</u>s established under <u>Regulation 345/2013</u> shall be eligible for authorisation as an ELTIF.</p> <p>2. An ELTIF shall only be marketed in the Union where it has been authorised in accordance with this Regulation. The authorisation as an ELTIF shall be valid for all Member States.</p> <p>3. A collective investment undertaking shall only use the designation 'ELTIF' or 'longterm investment fund' in relation to itself or the units or shares it issues where it has been authorised in accordance with this Regulation.</p> <p>4. The competent authorities of the ELTIF shall, on a quarterly basis, inform ESMA of authorisations granted or withdrawn pursuant to this Regulation. ESMA shall keep a central public register identifying each ELTIF authorised under this Regulation, its manager and the competent authority of the ELTIF. The register shall be made available in electronic format.</p>
<p><i>Article 4</i></p> <p><i>Application for authorisation as ELTIF</i></p>	<p><i>Article 4</i></p> <p><i>Application for authorisation as ELTIF</i></p>

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1. An ELTIF shall apply for authorisation to its competent authority.

The application for authorisation as an ELTIF shall include the following:

- (a) the fund rules or instruments of incorporation;
- (b) information on the identity of the manager;
- (c) information on the identity of the depositary;
- (d) a description of the information to be made available to investors;
- (e) any other information or document requested by the competent authority of the ELTIF to verify compliance with the requirements of this Regulation.

2. An EU alternative investment fund manager (AIFM) authorised under Directive 2011/61/EU shall apply to the competent authority of the ELTIF for approval to manage an ELTIF that has submitted an application for authorisation in accordance with paragraph 1.

The application for managing the ELTIF shall include the

1. An ELTIF shall apply for authorisation to its competent authority.

The application for authorisation as an ELTIF shall include the following:

- (a) the fund rules or instruments of incorporation;
- (b) information on the identity of the manager;
- (c) information on the identity of the depositary;
- (d) a description of the information to be made available to investors;
- (e) any other information or document requested by the competent authority of the ELTIF to verify compliance with the requirements of this Regulation.

2. An EU alternative investment fund manager (AIFM) authorised under Directive 2011/61/EU or a **EuVECA manager authorised under Regulation 345/2013** shall apply to the competent authority of the ELTIF for approval to manage an ELTIF that has submitted an application for authorisation in accordance with paragraph 1.

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following:

- (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 AIFM is authorised to manage.

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

3. The ELTIF and the EU AIFM shall be informed within two months from the date of submission of a complete application whether authorisation of the ELTIF has been granted.

4. Any subsequent modifications of the

The application for managing the ELTIF shall include the following:

- (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 or EuVECAs that the AIFM and EuVECA manager respectively is authorised to manage.

The competent authority of the ELTIF may ask the competent authority of the EU AIFM or EuVECA manager 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 or within the scope of the EuVECA manager's authorisation to manage EuVECAs. The competent authority of the EU AIFM or EuVECA manager shall provide an answer within 10 working days from the date it received the request submitted by the competent authority of the ELTIF.

3. The ELTIF and the EU AIFM or EuVECA manager

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<p>documentation referred to in paragraphs 1 and 2 shall be immediately notified to the competent authority of the ELTIF.</p>	<p>shall be informed within two months from the date of submission of a complete application whether authorisation of the ELTIF has been granted.</p> <p>4. Any subsequent modifications of the documentation referred to in paragraphs 1 and 2 shall be immediately notified to the competent authority of the ELTIF.</p>
<p><i>Article 5</i></p> <p><i>Conditions for granting the authorisation</i></p> <p>1. An applicant ELTIF shall be authorised only where its competent authority:</p> <p>(a) is satisfied that the applicant ELTIF is able to meet all the requirements of this Regulation;</p> <p>(b) has approved the application of an EU AIFM authorised in accordance with Directive 2011/61/EU to manage the ELTIF, the fund rules and the choice of the depositary.</p> <p>2. The competent authority of the ELTIF may refuse the application of the EU AIFM to manage the</p>	<p><i>Article 5</i></p> <p><i>Conditions for granting the authorisation</i></p> <p>1. An applicant ELTIF shall be authorised only where its competent authority:</p> <p>(a) is satisfied that the applicant ELTIF is able to meet all the requirements of this Regulation;</p> <p>(b) has approved the application of an EU AIFM authorised in accordance with Directive 2011/61/EU <u>or a EuVECA manager in accordance with Regulation 345/2013</u> to manage the ELTIF, the fund rules and the choice of the depositary.</p> <p>2. The competent authority of the ELTIF may</p>

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ELTIF only where:

- (a) the EU AIFM does not comply with this Regulation;
- (b) the EU AIFM does not comply with Directive 2011/61/EU;
- (c) the EU AIFM is not authorised by its competent authority to manage AIFs that include funds of the type covered in this Regulation;
- (d) the EU AIFM has not provided the documentation referred to in Article 4(2).

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

3. The competent authority shall not grant authorisation as an ELTIF if the applicant ELTIF is legally prevented from marketing its units or shares in its home Member State.

4. Authorisation as an ELTIF shall not be subject to a requirement that the ELTIF be managed by an EU AIFM authorised in the ELTIF home Member State or that the EU AIFM pursue or delegate any activities in the ELTIF home Member State

refuse the application of the EU AIFM or EuVECA manager to manage the ELTIF only where:

- (a) the EU AIFM or EuVECA manager does not comply with this Regulation;
- (b) the EU AIFM does not comply with Directive 2011/61/EU or the EuVECA manager does not comply with Regulation 345/2013;
- (c) the EU AIFM is not authorised by its competent authority to manage AIFs that include funds of the type covered in this Regulation or the EuVECA manager is not authorised by its competent authority to manage EuVECAs that include funds of the type covered in this Regulation;
- (d) the EU AIFM or EuVECA manager has not provided the documentation referred to in Article 4(2).

Before refusing an application the competent authority of the ELTIF shall consult the competent authority of the EU AIFM or EuVECA manager.

3. The competent authority shall not grant authorisation as an ELTIF if the applicant ELTIF is legally prevented from marketing its units or shares in its home Member State.

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	<p>4. Authorisation as an ELTIF shall not be subject to a requirement that the ELTIF be managed by an EU AIFM or EuVECA manager authorised in the ELTIF home Member State or that the EU AIFM or EuVECA manager pursue or delegate any activities in the ELTIF home Member State</p>
<p><i>Article 6</i></p> <p><i>Applicable rules and liability</i></p> <p>1. An ELTIF shall comply at all times with the provisions of this Regulation.</p> <p>2. An ELTIF and its manager shall comply at all times with the requirements of Directive 2011/61/EU.</p> <p>3. The manager of the ELTIF shall be responsible for ensuring compliance with this Regulation. The manager shall be liable for any loss or damage resulting from non-compliance with this Regulation.</p> <p>Chapter II Obligations concerning the investment policies of ELTIFs</p>	<p><i>Article 6</i></p> <p><i>Applicable rules and liability</i></p> <p>1. An ELTIF shall comply at all times with the provisions of this Regulation.</p> <p>2. An ELTIF and its manager shall comply at all times with the requirements of Directive 2011/61/EU <u>or Regulation 345/2013, as applicable.</u></p> <p><u>In the case of Retail ELTIFs whose managers are authorised under Regulation 345/2013, the manager shall ensure that a depository of the type set out in Article 21.3 of Directive 2011/61/EU is appointed.</u></p> <p>3. The manager of the ELTIF shall be responsible</p>

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Section 1 General rules and eligible assets	for ensuring compliance with this Regulation. The manager shall be liable for any loss or damage resulting from non-compliance with this Regulation. Chapter II Obligations concerning the investment policies of ELTIFs Section 1 General rules and eligible assets
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Chapter II - Obligations concerning the investment policies of ELTIFs

Commission Text	EVCA Draft Amendment
<i>Article 7</i> <i>Investment compartments</i> Where an ELTIF comprises more than one investment compartment, each compartment shall be regarded as a separate ELTIF for the purposes of this Chapter.	<i>Article 7</i> <i>Investment compartments</i> Where an ELTIF comprises more than one investment compartment, each compartment shall be regarded as a separate ELTIF for the purposes of this Chapter.
<i>Article 8</i>	<i>Article 8</i>

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<p><i>Eligible investments</i></p> <p>1. An ELTIF shall only invest 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 of the European Parliament and of the Council.¹⁸ <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 derivatives, 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 agreements, securities borrowing agreements, and repurchase agreements or any other agreement that would encumber the assets of the ELTIF;(d) using financial derivative instruments, except where the underlying instrument consists of interest rates or currencies and it solely serves the purpose of hedging the duration and exchange risks inherent to other investments of the ELTIF.	<p><i>Eligible investments</i></p> <p>1. An ELTIF shall only invest 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 of the European Parliament and of the Council.¹⁸ <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 derivatives, 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 agreements, securities borrowing agreements, and repurchase agreements or <u>similar arrangements</u> any other agreement that would encumber the assets of the ELTIF; or(d) using financial derivative instruments, except where the underlying instrument consists of interest rates or currencies and it solely serves the purpose of hedging the duration and exchange risks inherent to other

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	investments of the ELTIF.
<p><i>Article 9</i> <i>Eligible investment assets</i></p> <p>An asset referred to in Article 8(1)(a) shall be eligible for investment by an ELTIF only where it falls into one of the following categories:</p> <p>(a) equity or quasi-equity instruments which have been:</p> <ul style="list-style-type: none"> (i) issued by a qualifying portfolio undertaking and acquired directly by the ELTIF from the qualifying portfolio undertaking; (ii) issued by a qualifying portfolio undertaking in exchange for an equity instrument previously acquired directly by the ELTIF from the qualifying portfolio undertaking; (iii) issued by an undertaking of which the qualifying portfolio undertaking is a majority-owned subsidiary, in exchange for an equity instrument acquired in accordance with points (i) or (ii) by the ELTIF from the qualifying portfolio undertaking; <p>(b) debt instruments issued by a qualifying portfolio undertaking;</p> <p>(c) loans granted by the ELTIF to a qualifying portfolio undertaking;</p>	<p><i>Article 9</i> <i>Eligible investment assets</i></p> <p>An asset referred to in Article 8(1)(a) shall be eligible for investment by an ELTIF only where it <u>is a qualifying portfolio undertaking that</u> falls into one of the following categories:</p> <p>(a) equity or quasi-equity instruments; which have been:</p> <ul style="list-style-type: none"> (i) issued by a qualifying portfolio undertaking and acquired directly by the ELTIF from the qualifying portfolio undertaking; (ii) issued by a qualifying portfolio undertaking in exchange for an equity instrument previously acquired directly by the ELTIF from the qualifying portfolio undertaking; (iii) issued by an undertaking of which the qualifying portfolio undertaking is a majority-owned subsidiary, in exchange for an equity instrument acquired in accordance with points (i) or (ii) by the ELTIF from the qualifying portfolio undertaking; <p>(b) debt instruments issued by a qualifying portfolio undertaking;</p>

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<p>(d) units or shares of one or several other ELTIFs, European Venture Capital Funds (EuVECA)s and European Social Entrepreneurship Funds (EuSEFs) provided that those ELTIFs, EuVECA)s and EuSEFs have not themselves invested more than 10% of their capital in ELTIFs;</p> <p>(e) direct holdings of individual real assets that require up-front capital expenditure of at least EUR 10 million or its equivalent in the currency, and at the time, in which the expenditure is incurred.</p>	<p>(c) loans granted by the ELTIF to a qualifying portfolio undertaking;</p> <p>(d) units or shares of one or several other ELTIFs, European Venture Capital Funds (EuVECA)s and European Social Entrepreneurship Funds (EuSEFs) provided that those ELTIFs, EuVECA)s and EuSEFs have not themselves invested more than 10% of their capital in ELTIFs;</p> <p>(e) direct holdings of individual real assets that require up-front capital expenditure of at least EUR 10 million or its equivalent in the currency, and at the time, in which the expenditure is incurred.</p>
<p><i>Article 10</i> <i>Qualifying portfolio undertaking</i></p> <p>1. A qualifying portfolio undertaking referred to in Article 9(1) shall be a portfolio undertaking other than a collective investment undertaking, that fulfils all of the following requirements:</p> <p>(a) it is not a financial undertaking;</p> <p>(b) it is not admitted to trading:</p> <p>(i) on a regulated market as defined in Article 4(14) of Directive 2004/39/EC;</p> <p>(ii) on a multilateral trading facility as defined in Article 4(15) of Directive 2004/39/EC;</p>	<p><i>Article 10</i> <i>Qualifying portfolio undertaking</i></p> <p>1. A qualifying portfolio undertaking referred to in Article 9(1) shall be a portfolio undertaking other than a collective investment undertaking, that fulfils all of the following requirements:</p> <p>(a) it is not a financial undertaking;</p> <p>(b) it is not admitted to trading:</p> <p>(i) on a regulated market as defined in Article 4(14) of Directive 2004/39/EC;</p> <p>(ii) on a multilateral trading facility as defined in Article 4(15) of Directive 2004/39/EC;</p>

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<p>(iii) on organised trading facilities as defined in point [...] of Regulation [...];</p> <p>(c) it shall be established in a Member State, or in a third country provided that the third country:</p> <p>(i) is not a high-risk and non-cooperative jurisdictions identified by the Financial Action Task Force (FATF);</p> <p>(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> <p>2. By way of derogation from paragraph 1(a) 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 Article 9.</p>	<p>(iii) on organised trading facilities as defined in point [...] of Regulation [...];</p> <p>(c) it shall be established in a Member State, or in a third country provided that the third country <u>is either</u>:</p> <p>(i) is not a high-risk and non-cooperative jurisdictions identified by the Financial Action Task Force (FATF) <u>or</u>;</p> <p>(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> <p><u>(d) at the time of acquisition the manager intends that the ELTIF will hold the qualifying portfolio undertaking for a minimum period of 3 years.</u></p> <p>2. By way of derogation from paragraph 1(a) of this Article, a <u>A</u> qualifying portfolio undertaking may be an financial <u>made through special purpose investment vehicles</u> that exclusively finances qualifying portfolio undertakings referred to in paragraph 1 of this Article or real assets referred to in Article 9.</p>

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<p><i>Article 11</i> <i>Conflict of interest</i></p> <p>An ELTIF shall not invest in an eligible investment asset in which the manager has or takes a direct or indirect interest, other than by holding units or shares of the ELTIF it manages.</p>	<p><i>Article 11</i> <i>Conflict of interest</i></p> <p>An ELTIF shall not invest in an eligible investment asset in which the manager has or takes a direct or indirect interest, other than by holding units or shares of the ELTIF it manages.</p> <p><u>1. ELTIF managers shall take all reasonable steps to identify conflicts of interest that arise in the course of managing ELTIFs between:</u></p> <ul style="list-style-type: none"><u>(a) the ELTIF, including its managers, employees or any person directly or indirectly linked to the ELTIF by control, and the ELTIF managed by the ELTIF manager or the investors in that ELTIF;</u><u>(b) the ELTIF or the investors in that ELTIF, and another ELTIF or the investors in that ELTIF;</u><u>(c) the ELTIF or the investors in that ELTIF, and another client of the ELTIF manager;</u><u>(d) the ELTIF or the investors in that ELTIF, and an AIFMD or EuVECA managed by the ELTIF manager or the investors in that AIFMD or EuVECA; or</u><u>(e) two clients of the ELTIF manager.</u> <p><u>2.ELTIF managers shall maintain and operate effective organisational and administrative arrangements with a</u></p>

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	<p><u>view to taking all reasonable steps designed to identify, prevent, manage and monitor conflicts of interest in order to prevent them from adversely affecting the interests of the AIFs or EuVECAs and their investors.</u></p> <p><u>3. ELTIF managers shall segregate, within their own operating environment, tasks and responsibilities which may be regarded as incompatible with each other or which may potentially generate systematic conflicts of interest. ELTIF managers shall assess whether their operating conditions may involve any other material conflicts of interest and disclose them to the investors of the ELTIFs.</u></p>
<p><i>Article 12</i> <i>Portfolio composition and diversification</i></p> <p>1. An ELTIF shall invest at least 70% of its capital in eligible investment assets.</p> <p>2. An ELTIF shall invest no more than: (a) 10% of its capital in assets issued by any single qualifying portfolio undertaking; (b) 10% of its capital in an individual real asset; (c) 10% of its capital in units or shares of any single</p>	<p><i>Article 12</i> <i>Portfolio composition and diversification</i></p> <p>1. An ELTIF shall invest at least 70% of its capital in eligible investment assets.</p> <p>2. An ELTIF shall invest no more than: (a) 10% of its capital in assets issued by any single qualifying portfolio undertaking; (b) 10% of its capital in an individual real asset; (c) 10% of its capital in units or shares of any single</p>

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<p>ELTIF, EuVECA or EuSEF; (d) 5% of its capital in assets referred to in Article 8(1)(b) where those assets have been issued by any single body.</p> <p>3. The aggregate value of units or shares of ELTIFs, EuvECAs and EuSEFs in an ELTIF portfolio shall not exceed 20% of the value of its capital.</p> <p>4. The aggregate risk exposure to a counterparty of the ELTIF stemming from over the counter (OTC) derivative transactions or reverse repurchase agreements shall not exceed 5% of its capital.</p> <p>5. By way of derogation from paragraph 2(a) and 2(b), the 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 its capital.</p> <p>6. Companies which are included in the same group for the purposes of consolidated accounts, as regulated by Seventh Council Directive 83/349/EEC19 or in accordance with recognised international accounting</p>	<p>ELTIF, EuVECA or EuSEF; (d) 5% of its capital in assets referred to in Article 8(1)(b) where those assets have been issued by any single body.</p> <p>3. The aggregate value of units or shares of ELTIFs, EuECAs and EuSEFs in an ELTIF portfolio shall not exceed 100% of the value of its capital.</p> <p>4. The aggregate risk exposure to a counterparty of the ELTIF stemming from over the counter (OTC) derivative transactions or reverse repurchase agreements shall not exceed 5% of its capital.</p> <p>5. By way of derogation from paragraph 2(a) and 2(b), the 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 its capital.</p> <p>6. Companies which are included in the same group for the purposes of consolidated accounts, as regulated by Seventh Council Directive 83/349/EEC19 or in accordance with recognised international accounting</p>

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<p>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 5.</p>	<p>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 5.</p> <p><u>7. The limits detailed in this Article 12 shall only apply as at the time the respective investment is made.</u></p>
<p><i>Article 13</i> <i>Concentration</i></p> <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 Article 8(1)(b) of this Regulation.</p>	<p><i>Article 13</i> <i>Concentration</i></p> <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 Article 8(1)(b) of this Regulation.</p>
<p><i>Article 14</i> <i>Borrowing of cash</i></p> <p>An ELTIF may borrow cash provided that such borrowing fulfils all of the following conditions: (a) it represents no more than 30% of the capital of the</p>	<p><i>Article 14</i> <i>Borrowing of cash</i></p> <p>An ELTIF may borrow cash provided that such borrowing fulfils all of the following conditions: (a) it represents no more than 30% of the capital of the</p>

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<p>ELTIF; (b) it serves the purpose of acquiring a participation in eligible investment assets; (c) it is contracted in the same currency as the assets to be acquired with the borrowed cash; (d) it does not hinder the realisation of any asset held in the portfolio of the ELTIF; (e) it does not encumber the assets held in the portfolio of the ELTIF.</p>	<p>ELTIF; (b) it serves the purpose of acquiring a participation in eligible investment assets; (c) it is contracted in the same currency as the assets to be acquired with the borrowed cash; (d) it does not hinder the realisation of any asset held in the portfolio of the ELTIF; (e) it does not encumber the assets held in the portfolio of the ELTIF.</p> <p><u>The borrowing restrictions detailed in this Article 14 apply to the ELTIF only, and in no way impact or are applicable to the underlying portfolio undertakings.</u></p>
<p><i>Article 15</i> <i>Application of portfolio composition and diversification rules</i></p> <p>1. The investment limits laid down in Article 12(1) shall: (a) apply by the date specified in the ELTIF rules or instruments of incorporation, where this date shall take account of the peculiarities and characteristics of the assets to be invested by the ELTIF and shall not be later than five years after the authorisation of the ELTIF. In exceptional circumstances, the competent authority of the ELTIF,</p>	<p><i>Article 15</i> <i>Application of portfolio composition and diversification rules</i></p> <p>1. The investment limits laid down in Article 12(1) shall: (a) apply by the date specified in the ELTIF rules or instruments of incorporation, where this date shall take account of the peculiarities and characteristics of the assets to be invested by the ELTIF and shall not be later than five years after the authorisation of the ELTIF. In exceptional circumstances, the competent authority of the ELTIF,</p>

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<p>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>(b) cease to apply once the ELTIF starts to sell assets in accordance with its redemption policy as set out in Article 16;</p> <p>(c) be temporarily suspended where the ELTIF raises additional capital, so long as such a suspension lasts no longer than 12 months.</p> <p>2. Where a long-term asset in which the ELTIF has invested is issued by a qualifying portfolio undertaking that no longer complies with Article 10(1)(b), the long-term asset may continue to be counted for the purpose of calculating the 70% referred to in Article 12(1) for a maximum of three years as of the date when the portfolio undertaking no longer fulfils the requirements in Article 10.</p>	<p>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>(b) cease to apply once the ELTIF starts to sell assets in accordance with its redemption policy as set out in Article 16;</p> <p>(c) be temporarily suspended where the ELTIF raises additional capital, so long as such a suspension lasts no longer than 12 months.</p> <p>2. Where a long-term asset in which the ELTIF has invested is issued by a qualifying portfolio undertaking that no longer complies with Article 10(1)(b), the long-term asset may continue to be counted for the purpose of calculating the 70% referred to in Article 12(1) for a maximum of three years as of the date when the portfolio undertaking no longer fulfils the requirements in Article 10.</p> <p><u>3. Where the ELTIF is structured with a capital drawdown mechanism, where proceeds can be drawn down from investors in a number of installments over time, then the limits and restrictions detailed in this Chapter II shall be determined based on the aggregate commitments made to the ELTIF by investors rather than the ELTIF's current net asset value.</u></p>

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Chapter III: Redemption, trading and issue of ELTIF shares or units and distributions of income

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<p><i>Article 16</i> <i>Redemption policy</i></p> <p>1. Investors shall not be able to ask for redemption of their units or shares before the end of life of the ELTIF. Redemption to investors shall be possible as of the day following the date defining the end of life of the ELTIF.</p> <p>The end of life of the ELTIF shall be clearly indicated as a specific date in the ELTIF rules or instruments of incorporation and disclosed to investors.</p> <p>The ELTIF rules or instruments of incorporation and disclosures to investors shall lay down the procedures for redemption and disposal of assets and state clearly that redemption to investors shall commence on the day following the date defining the end of life of the ELTIF.</p> <p>2. The life of the ELTIF shall be sufficient in length to cover the life-cycle of each of the individual assets of</p>	<p>Article 16 Redemption policy</p> <p>1. Investors shall not be able to ask for redemption of their units or shares before the end of life of the ELTIF, <u>defined as the date as from which the ELTIF will begin liquidation of all assets held at such date and re-invest proceeds only in liquid assets pending satisfaction of redemption requests.</u> <u>Requests for</u> redemption to investors shall be possible <u>may be made</u> as of the day following the date defining the end of life of the ELTIF.</p> <p>The end of life of the ELTIF shall be clearly indicated as a specific date in the ELTIF rules or instruments of incorporation and disclosed to investors.</p> <p>The ELTIF rules or instruments of incorporation and disclosures to investors shall lay down the procedures for redemption and disposal of assets and state clearly that redemption to investors shall commence on the day following the date defining the end of life of the ELTIF.</p>

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<p>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>3. Investors may request the winding down of the ELTIF if their redemption requests have not been satisfied within one year after the end of life of the ELTIF.</p> <p>4. Investors shall always have the option to be repaid in cash.</p> <p>5. Repayment in kind out of the ELTIF's assets shall be possible only where all of the following conditions are met: (a) the ELTIF rules or instrument of incorporation foresees this possibility, under the condition that all investors receive fair treatment; (b) the investor asks in writing to be repaid through a share of the assets of the fund; (c) no specific rules restrict the transfer of those assets.</p> <p>6. ESMA shall develop draft regulatory technical standards specifying the circumstances in which the life of an ELTIF is sufficient in length to cover the lifecycle of each of the individual assets of the ELTIF.</p> <p>ESMA shall submit those draft regulatory technical</p>	<p>2. The life of the ELTIF shall be sufficient in length to cover the life-cycle of each of the individual assets of the ELTIF, <u>In selecting investments, the ELTIF shall take account of the life cycles of the relevant assets</u> measured according to the <u>liquidity</u> profile and economic life-cycle of the asset, and the stated investment objective of the ELTIF .</p> <p>3. Investors may request the winding down of the ELTIF if their redemption requests have not been satisfied within one year after the end of life of the ELTIF.</p> <p>4. Investors shall always have the option to be repaid in cash.</p> <p>5. Repayment in kind out of the ELTIF's assets shall be possible only where all of the following conditions are met: (a) the ELTIF rules or instrument of incorporation foresees this possibility, under the condition that all investors receive fair treatment; (b) the investor asks in writing to be repaid through a share of the assets of the fund; (c) no specific rules restrict the transfer of those assets.</p> <p>6. ESMA shall develop draft regulatory technical</p>

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<p>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>standards specifying the circumstances in which the life of an ELTIF is sufficient in length to cover the lifecycle of each of the individual assets of the ELTIF.</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><i>Article 17</i> <i>Secondary market</i></p> <p>1. The ELTIF rules or instrument of incorporation shall not prevent units or shares of an ELTIF from being admitted to trading on a regulated market as defined in Article 4(14) of Directive 2004/39/EC or on a multilateral trading facility as defined in Article 4(15) of Directive 2004/39/EC or on an organised trading facility as defined in point (...) of Regulation (...).</p> <p>2. The ELTIF rules or instrument of incorporation shall not prevent investors from freely transferring their shares or units to third parties.</p>	<p><i>Article 17</i> <i>Secondary market</i></p> <p>1. The ELTIF rules or instrument of incorporation shall not prevent units or shares of an ELTIF from being admitted to trading on a regulated market as defined in Article 4(14) of Directive 2004/39/EC or on a multilateral trading facility as defined in Article 4(15) of Directive 2004/39/EC or on an organised trading facility as defined in point (...) of Regulation (...).</p> <p>2. The ELTIF rules or instrument of incorporation shall not prevent investors from freely transferring their shares or units to third</p>

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<p><i>Article 18</i> <i>Issuance of new shares or units</i></p> <p>1. An ELTIF may offer new issues of shares or units in accordance with its fund rules or instruments of incorporation.</p> <p>2. An ELTIF shall not issue new shares or units at a price below its net asset value without a prior offering of those shares or units at that price to existing investors.</p>	<p>parties.</p> <p><i>Article 18</i> <i>Issuance of new shares or units</i></p> <p>1. An ELTIF may offer new issues of shares or units in accordance with its fund rules or instruments of incorporation.</p> <p>2. An ELTIF shall not issue new shares or units at a price below its net asset value without a prior offering of those shares or units at that price to existing investors.</p>
<p><i>Article 19</i> <i>Disposal of ELTIF assets</i></p> <p>1. Each ELTIF shall adopt an itemised schedule for the orderly disposal of its assets in order to redeem investors after the end of life of the ELTIF.</p> <p>2. The schedule referred to in paragraph 1 shall include: (a) an assessment of the market for potential buyers; (b) an assessment and comparison of potential sales prices; (c) a valuation for the assets to be divested; (d) a precise timeframe for the disposal schedule.</p>	<p>Article 19 Disposal of ELTIF assets</p> <p>1. Each ELTIF shall adopt an itemised schedule <u>a plan</u> for the orderly disposal of its assets in order to redeem investors after the end of life of the ELTIF.</p> <p>2. The schedule <u>plan</u> referred to in paragraph 1 shall <u>be periodically reviewed no more frequently than every 365 days and may</u> include <u>information such as:</u> (a) an assessment of the market for potential buyers; (b) an assessment and comparison of potential sales prices; (c) a valuation for the assets to be divested;</p>

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<p>3. ESMA shall develop draft regulatory technical standards specifying the criteria to be used for the assessments in point (a) and valuation in point (c) of paragraph 2. 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>(d) a precise <u>proposed</u> timeframe for the disposal schedule.</p> <p>3. ESMA shall develop draft regulatory technical standards specifying the criteria to be used for the assessments in point (a) and valuation in point (c) of paragraph 2. 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><i>Article 20</i> <i>Distribution of income</i></p> <p>1. An ELTIF may regularly distribute to investors the income generated by the assets contained in the portfolio. This income shall be composed of: (a) any income that the assets are regularly producing; (b) the capital appreciation realized after the disposal of an asset, but excluding the original capital commitments made.</p>	<p><i>Article 20</i> <i>Distribution of income <u>income-proceeds</u></i></p> <p>1. An ELTIF may regularly distribute to investors the income <u>income proceeds</u> generated by the assets contained in the portfolio. This income <u>These proceeds</u> shall be composed of: (a) any income <u>income proceeds</u> that the assets are regularly producing; (b) the capital appreciation realized after the disposal of</p>

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<p>2. The income shall not be distributed to the extent that it is required for future commitments of the ELTIF.</p> <p>3. The ELTIF shall state in its fund rules or instruments of incorporation the distribution policy that it will adopt during the life of the fund.</p>	<p>an asset, but excluding the original capital commitments made.</p> <p>2. The <u>income proceeds</u> shall not be distributed to the extent that it is required for future commitments of the ELTIF.</p> <p>3. The ELTIF shall state in its fund rules or instruments of incorporation the distribution policy that it will adopt during the life of the fund.</p>

Chapter IV - Transparency Requirements

Commission Text	EVCA Draft Amendment
<p><i>Article 21 Transparency</i></p> <p>1. The units or shares of an authorised ELTIF shall not be marketed in the Union without prior publication of a prospectus.</p>	<p><i>Article 21 Transparency</i></p> <p>1. <u>The units or shares of an authorized Professional ELTIF shall not be marketed to professional investors in the Union without prior publication of a summary document as set out Article 21.5.</u></p>

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<p>The units or shares of an authorised ELTIF shall not be marketed to retail investors in the Union without prior publication of a key information document (KID) in accordance with Regulation No[...] of [...] of the European Parliament and the Council.20</p> <p>2. The prospectus shall include the information necessary for investors to be able to make an informed judgement regarding the investment proposed to them, and, in particular, the risks attached thereto.</p> <p>3. The prospectus shall contain at least the following:</p> <ul style="list-style-type: none">(a) a statement setting out how the ELTIF's investment objectives and strategy for achieving these objectives qualify the fund as long term in nature;(b) information to be disclosed by collective investment undertakings of the closed-end type in accordance with Directive 2003/71/EC of the European Parliament and of the Council²¹ and Commission Regulation (EC) No 809/2004²²;(c) information to be disclosed to investors pursuant to Article 23 of Directive 2011/61/EU, if it is not already covered under point(b) of this paragraph;(d) prominent indication of the categories of assets the ELTIF is authorised to invest in;(e) any other information considered by the competent	<p>2.The units or shares of an authorised Retail ELTIF shall not be marketed to retail investors in the Union without:</p> <ul style="list-style-type: none">i. prior publication of a key information document (KID) in accordance with Regulation No[...] of [...] of the European Parliament and the Council.ii. prior publication a prospectus in accordance with paragraph 3 of this article <p>3. The prospectus shall include the information necessary for investors to be able to make an informed judgement regarding the investment proposed to them, and, in particular, the risks attached thereto.</p> <p>The prospectus shall contain at least the following:</p> <ul style="list-style-type: none">(a) a statement setting out how the ELTIF's investment objectives and strategy for achieving these objectives qualify the fund as long term in nature;(b) information-to be disclosed by collective investment undertakings of the closed-end type in accordance Directive 2003/71/EC of the European Parliament and of the Council²¹ and Commission Regulation (EC) No 809/2004²²;

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<p>authorities to be relevant for the purpose of paragraph 2.</p> <p>4. The prospectus, the KID and any other marketing documents shall prominently notify investors about the illiquid nature of the fund.</p> <p>In particular, the prospectus, the KID, 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 life of the ELTIF;</p> <p>(c) state whether the ELTIF is intended to be marketed to retail investors;</p> <p>(d) state that investors shall have no right to redeem their investment until the end of the life of the ELTIF;</p> <p>(e) state the frequency and the timing of any income payments, if any, to the investors during the life of the fund;</p> <p>(f) advise investors that only a small proportion of their overall investment portfolio should be invested in an ELTIF.</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) prominent indication of the categories of assets the ELTIF is authorised to invest in;</p> <p><u>(e) a statement explaining that the ELTIF is intended to be marketed to retail investors</u></p> <p><u>(f)</u> any other information considered by the competent authorities to be relevant for the purpose of paragraph 2.</p> <p>4. The prospectus, the KID, the summary document and any other marketing documents shall prominently notify investors about the illiquid nature of the fund.</p> <p>In particular, the prospectus, the KID, and any other marketing documents shall clearly:</p> <p>(a) inform investors about the long-term <u>and illiquid</u> nature of the ELTIF’s investments;</p> <p>(b) inform investors about the end of life of the ELTIF;</p> <p>(c) state whether the ELTIF is intended to be marketed to retail investors;</p> <p><u>(c)</u> state that investors shall have no right to redeem their investment until the end of the life of the ELTIF;</p> <p><u>(d)</u> state the frequency and the timing of any income</p>

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	<p>payments, if any, to the investors during the life of the fund; (e) advise <u>retail</u> investors that only a small proportion of their overall investment portfolio should be invested in an ELTIF.</p> <p><u>5. The summary document shall contain a brief synopsis of the information in paragraph 3.</u></p>
<p><i>Article 22</i> <i>Cost disclosure</i></p> <p>1. The prospectus shall prominently inform investors as to the level of the different costs borne directly or indirectly by the investor. The different costs shall be grouped according to the following headings: (a) costs of setting-up the ELTIF; (b) the costs related to the acquisition of assets; (c) management costs; (d) distribution costs; (e) other costs, including administrative, regulatory, custodial, and audit costs.</p> <p>2. The prospectus shall disclose an overall ratio of the costs to the capital of the ELTIF.</p>	<p><i>Article 22</i> <i>Cost disclosure</i></p> <p>1. The prospectus shall <u>describe prominently inform investors as to the level of</u> the different costs <u>and the maximum amounts thereof which are borne</u> directly or indirectly <u>borne</u> by the investor. The different costs shall be grouped according to the following headings: (a) costs of setting-up the ELTIF; (b) the costs related to the acquisition of assets; (b) management costs; (c) distribution costs; (d) other costs, including administrative, regulatory, <u>depository</u>, custodial, <u>professional service</u> and audit costs.</p> <p>2. The prospectus shall disclose an overall ratio of the</p>

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<p>3. The key information document shall reflect all of the costs outlined in the prospectus within its expression of total costs in monetary and percentage terms.</p> <p>4. ESMA shall develop draft regulatory technical standards to specify:</p> <p>(a) 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>(b) the common definition, calculation methodology and presentation format of the expression of total costs in paragraph 3.</p> <p>When developing these draft regulatory technical standards, ESMA shall take into account the draft regulatory standards referred to in point (...) of Regulation (...) [PRIPS].</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</p>	<p>costs to the capital of the ELTIF, <u>where this is feasible given the information available.</u></p> <p>3.3. The key information document shall reflect all state the maximum amount of the costs outlined in the prospectus within its expression of total costs in monetary and percentage terms.</p> <p><u>4. The summary document shall contain a brief synopsis of the maximum amount of costs which are borne directly and indirectly by the investor.</u></p> <p>4. ESMA shall develop draft regulatory technical standards to specify:</p> <p>(a) 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>(b) the common definition, calculation methodology and presentation format of the expression of total costs in paragraph 3.</p> <p>When developing these draft regulatory technical standards, ESMA shall take into account the draft regulatory standards referred to in point (...) of Regulation (...) [PRIPS].</p> <p>ESMA shall submit those draft regulatory technical</p>

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Regulation (EU) No1095/2010.	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) No1095/2010.

Chapter V - Marketing of units or shares of ELTIFs

Commission Text	EVCA Draft Amendment
<p><i>Article 23</i></p> <p><i>Facilities available to investors</i></p> <p>1. The manager of an ELTIF shall, in each Member State where it intends to market units or shares of that ELTIF, put in place facilities available for making subscriptions, making payments to unit-</p>	<p><i>Article 23</i></p> <p><i>Facilities available to investors</i></p> <p>1. The manager of an ELTIF shall, in each the <u>home</u> Member State where it intends to market units or shares of that ELTIF, put in place <u>a</u> facilities <u>facility</u> available for making</p>

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<p>or shareholders, repurchasing or redeeming units or shares and making available the information which the ELTIF and its managers are required to provide.</p> <p>2. ESMA shall develop draft regulatory technical standards to specify the types and characteristics of the facilities, their technical infrastructure and of the content of their tasks in respect of ELTIF investors referred to in paragraph 1.</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>subscriptions, making payments to unit- or shareholders, repurchasing or redeeming units or shares and making available the information which the ELTIF and its managers are required to provide.</p> <p>2. ESMA shall develop draft regulatory technical standards to specify the types and characteristics of the facilities <u>facility</u>, their <u>its</u> technical infrastructure and of the content of their <u>its</u> tasks in respect of ELTIF investors referred to in paragraph 1.</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><i>Article 24</i></p> <p><i>Additional requirements for marketing to retail investors</i></p>	<p><i>Article 24</i></p> <p><i>Additional requirements for marketing to retail investors</i></p>

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<p>The manager of an ELTIF shall be able to market the units or shares of that ELTIF to retail investors provided that all of the following additional requirements are fulfilled:</p> <p>(f) the ELTIF's rules or instruments of incorporation provide that all investors benefit from equal treatment and no preferential treatment or specific economic benefits are granted to individual investors or groups of investors;</p> <p>(g) the ELTIF is not structured as a partnership;</p> <p>(h) retail investors may, during the subscription period and at least two weeks after subscription of units or shares of the ELTIF, cancel their subscription and have the money returned without penalty.</p>	<p>The manager of an ELTIF shall be able to market the units or shares of that ELTIF to retail investors provided that all of the following additional requirements are fulfilled:</p> <p>(f) the ELTIF's rules or instruments of incorporation provide that all investors benefit from equal treatment and no preferential treatment or specific economic benefits are granted to individual investors or groups of investors;</p> <p>(g) the ELTIF is not structured as a partnership; <u>unless it is a limited partnership where investors benefit from limited liability</u></p> <p>(h) retail investors may, during the subscription period and at least two weeks after subscription of units or shares of the ELTIF, cancel their subscription and have the money returned without penalty.</p>
<p><i>Article 25</i></p> <p><i>Marketing of units or shares of ELTIFs</i></p> <p>1. The manager of an ELTIF shall be able to</p>	<p><i>Article 25</i></p> <p><i>Marketing of units or shares of ELTIFs</i></p> <p>1. The manager of an ELTIF shall be able to</p>

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<p>market the units or shares of that authorised 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 authorised ELTIF to professional and retail investors in Member States other than in the home Member State of the ELTIF manager upon notification in accordance with Article 32 of Directive 2011/61/EU.</p> <p>3. The manager of the ELTIF shall in respect of each ELTIF specify to its competent authority whether or not it intends to market it 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 to its competent authority all of the following:</p> <ul style="list-style-type: none">(a) the prospectus of the ELTIF;(b) the key information document of the ELTIF in	<p>market the units or shares of that authorised 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 authorised ELTIF to professional and retail investors in Member States other than in the home Member State of the ELTIF manager upon notification in accordance with Article 32 of Directive 2011/61/EU.</p> <p>3. The manager of the ELTIF shall in respect of each ELTIF specify to its competent authority whether or not it intends to market it 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 to its competent authority all of the following:</p> <ul style="list-style-type: none">(a) the prospectus <u>or summary page</u> of the ELTIF;(b) the key information document of the ELTIF in

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<p>case of marketing to retail investors;</p> <p>(c) information on the facilities referred to in Article 22.</p> <p>5. The competences and powers of the the competent authorities pursuant to Articles 31 and 32 of Directive 2011/61/EU shall be understood to also refer 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 in accordance with Article 31(3) first paragraph of Directive 2011/61/EU, the competent authority of the home Member State of the ELTIF manager shall also prevent the marketing of an authorised ELTIF if the ELTIF manager does not or will not comply with this Regulation.</p> <p>7. In addition to its powers in accordance with Article 32(3) first paragraph of Directive 2011/61/EU, the competent authority of the home Member State of the ELTIF manager shall also refuse the transmission of a complete notification file to the competent authorities of the Member State where the ELTIF is intended to</p>	<p>case of marketing to retail investors;</p> <p>(c) information on the facilities referred to in Article 22.</p> <p>5. The competences and powers of the the competent authorities pursuant to Articles 31 and 32 of Directive 2011/61/EU shall be understood to also refer 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 in accordance with Article 31(3) first paragraph of Directive 2011/61/EU, the competent authority of the home Member State of the ELTIF manager shall also prevent the marketing of an authorised ELTIF if the ELTIF manager does not or will not comply with this Regulation.</p> <p>7. In addition to its powers in accordance with Article 32(3) first paragraph of Directive 2011/61/EU, the competent authority of the home Member State of the ELTIF manager 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 ELTIF manager does not or will not</p>

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be marketed, if the ELTIF manager does not or will not comply with this Regulation.	comply with this Regulation.

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About the PAE

The Public Affairs Executive (PAE) consists of representatives from the venture capital, mid-market and large buyout parts of the private equity industry, as well as institutional investors and representatives of national private equity associations (NVCAs). The PAE represents the views of this industry in EU-level public affairs and aims to improve the understanding of its activities and its importance for the European economy.

About EVCA

The EVCA is the voice of European private equity.

Our membership covers the full range of private equity activity, from early-stage 345

capital to the largest private equity firms, investors such as pension funds, insurance companies, fund-of-funds and family offices and associate members from related professions. We represent 650 member firms and 500 affiliate members.

The EVCA shapes the future direction of the industry, while promoting it to stakeholders such as entrepreneurs, business owners and employee representatives.

We explain private equity to the public and help shape public policy, so that our members can conduct their business effectively.

The EVCA is responsible for the industry's professional standards, demanding accountability, good governance and transparency from our members and spreading best practice through our training courses.

We have the facts when it comes to European private equity, thanks to our trusted and authoritative research and analysis.

The EVCA has 25 dedicated staff working in Brussels to make sure that our industry is heard.

