European venture capital funds

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OPINION OF THE EUROPEAN CENTRAL BANK on a **proposal for a regulation** of the European Parliament and of the Council on European venture capital funds and on a proposal for a regulation of the European Parliament and of the Council on European social entrepreneurship funds.

The ECB welcomes the proposed regulations which will introduce uniform requirements for funds operating under a single, European designation and an identical substantive regulatory framework, while ensuring adequate supervision.

In this regard, the ECB notes several features that would contribute to achieving an appropriate and balanced regulatory framework: (i) the voluntary nature of the regime, (ii) the cross-border notification process between the competent authorities, (iii) the rules governing the behaviour of a qualifying manager and disclosure requirements, (iv) as well as the provisions designed to ensure the effective supervision of the use of the passport.

The ECB supports the Commission's objective of ensuring the consistency of the proposed regulations with the existing regime for alternative investment funds managers under Directive 2011/61/EU. In this respect, the ECB welcomes the reference in the proposed regulations to the threshold in Directive 2011/61 /EU, which introduces a limit of EUR 500 million of capital funds that would delineate the European venture capital funds and EuSEF regimes from the framework established by Directive 2011/61/EU.

The scope of the proposed regulations is also conditioned by the requirement for all qualifying venture capital and social entrepreneurship funds to be unleveraged, to ensure that qualifying funds do not contribute to the development of systemic risks and that they concentrate on supporting qualifying portfolio companies.

Therefore, whilst the concept of leverage is fundamental to the business model implemented by many alternative investment fund managers, the ECB considers it appropriate to make explicit the **exclusion of any possible leverage** in the case of the proposed European venture capital funds and EuSEF regimes.