Basic information

2021/0377(COD) COD - Ordinary legislative procedure (ex-codecision procedure) Regulation	Procedure completed
Amendments to the European Long-Term Investment Funds (ELTIFs) Regulation Amending Regulation 2015/760 2013/0214(COD) **Subject** 2.50.03 Securities and financial markets, stock exchange, CIUTS, investments 2.50.05 Insurance, pension funds 2.50.08 Financial services, financial reporting and auditing 2.50.10 Financial supervision **Legislative priorities** Joint Declaration 2021 Joint Declaration 2022	

Key players

European Parliament

Committee responsible	Rapporteur	Appointed
ECON Economic and Monetary Affairs	HOOGEVEEN Michiel (ECR)	02/12/2021
	Shadow rapporteur POLFJÄRD Jessica (EPP) GUALMINI Elisabetta (S&D) KOVAŘÍK Ondřej (Renew) GRUFFAT Claude (Greens/EFA) BECK Gunnar (ID)	

Council of the European Union

Council configuration	Meetings	Date
Education, Youth, Culture and Sport	6785	2023-03-07

European Commission

Commission DG	Commissioner
Financial Stability, Financial Services and Capital Markets Union	MCGUINNESS Mairead

European Economic and Social Committee

Key events

Date	Event	Reference	Summary
25/11/2021	Legislative proposal published	COM(2021)0722	Summary
14/02/2022	Committee referral announced in Parliament, 1st reading		
20/06/2022	Vote in committee, 1st reading		
20/06/2022	Committee decision to open interinstitutional negotiations with report adopted in committee		
29/06/2022	Committee report tabled for plenary, 1st reading	A9-0196/2022	Summary
04/07/2022	Committee decision to enter into interinstitutional negotiations announced in plenary (Rule 72)		
06/07/2022	Committee decision to enter into interinstitutional negotiations confirmed by plenary (Rule 72)		
12/01/2023	Approval in committee of the text agreed at 1st reading interinstitutional negotiations	GEDA/A/(2022)007428 PE740.521	
14/02/2023	Debate in Parliament		
15/02/2023	Decision by Parliament, 1st reading	T9-0040/2023	Summary
15/02/2023	Results of vote in Parliament		
07/03/2023	Act adopted by Council after Parliament's 1st reading		
15/03/2023	Final act signed		
20/03/2023	Final act published in Official Journal		

Technical information

Procedure reference	2021/0377(COD)
Procedure type	COD - Ordinary legislative procedure (ex-codecision procedure)
Procedure subtype	Legislation
Legislative instrument	Regulation
Amendments and repeals	Amending Regulation 2015/760 2013/0214(COD)
Legal basis	Treaty on the Functioning of the European Union TFEU 114
Other legal basis	Rules of Procedure EP 165
Mandatory consultation of other institutions	European Economic and Social Committee
Stage reached in procedure	Procedure completed
Committee dossier	ECON/9/07805

Documentation gateway

European Parliament

Document type	Committee	Reference	Date	Summary

Committee draft report		PE719.930	14/03/2022	
Amendments tabled in committee		PE731.593	25/04/2022	
Committee report tabled for plenary, 1st reading/single reading		A9-0196/2022	29/06/2022	Summary
Text agreed during interinstitutional negotiations		PE740.521	07/12/2022	
Text adopted by Parliament, 1st reading/single reading		T9-0040/2023	15/02/2023	Summary

Council of the EU

Document type	Reference	Date	Summary
Coreper letter confirming interinstitutional agreement	GEDA/A/(2022)007428	09/12/2022	
Draft final act	00069/2022/LEX	15/03/2023	

European Commission

Document type	Reference	Date	Summary
Legislative proposal	COM(2021)0722	25/11/2021	Summary
Document attached to the procedure	SEC(2021)0571	25/11/2021	
Document attached to the procedure	SWD(2021)0342	25/11/2021	
Document attached to the procedure	SWD(2021)0343	25/11/2021	
Commission response to text adopted in plenary	SP(2023)154	12/04/2023	
For information	C(2025)3800	29/08/2025	

Other institutions and bodies

Institution/body	Document type	Reference	Date	Summary
EESC	Economic and Social Committee: opinion, report	CES6507/2021	23/03/2022	

Additional information

Source	Document	Date
European Commission	EUR-Lex	

Meetings with interest representatives published in line with the Rules of Procedure

Rapporteurs, Shadow Rapporteurs and Committee Chairs

Transparency

Name	Role	Committee	Date	Interest representatives

KOVAŘÍK Ondřej	Shadow rapporteur	ECON	08/09/2022	The Alternative Investment Management Association Limited
KOVAŘÍK Ondřej	Shadow rapporteur	ECON	26/04/2022	The Alternative Investment Management Association Limited
POLFJÄRD Jessica	Shadow rapporteur	ECON	15/03/2022	Invest Europe
KOVAŘÍK Ondřej	Shadow rapporteur	ECON	23/02/2022	AMUNDI AM
KOVAŘÍK Ondřej	Shadow rapporteur	ECON	23/02/2022	Association Française de la Gestion financière Natixis IM
HOOGEVEEN Michiel	Rapporteur	ECON	10/02/2022	AFG
HOOGEVEEN Michiel	Rapporteur	ECON	09/02/2022	BVI Bundesverband Investment und Asset Management e.V. Invest Europe
HOOGEVEEN Michiel	Rapporteur	ECON	28/01/2022	ALFI

Final act

Corrigendum to final act 32023R0606R(01)
OJ OJ L 17.09.2024

Regulation 2023/0606
OJ L 080 20.03.2023, p. 0001 Summary

Amendments to the European Long-Term Investment Funds (ELTIFs) Regulation

2021/0377(COD) - 25/11/2021 - Legislative proposal

PURPOSE: increase the attractiveness of European Long-Term Investment Funds (ELTIFs) for investors and enhance their role as a complementary source of financing for EU companies.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Regulation (EU) 2015/760 of the European Parliament and of the Council on European long-term investment funds (ELTIF Regulation) is a European framework for alternative investment funds (AIFs) that invest in long-term investments, such as social and transport infrastructure projects, real estate and SMEs. The ELTIF market is still relatively new, but it is evident that it has not scaled up to the extent originally envisaged, with only 57 authorised ELTIFs in four Member States as of October 2021. Amendments are necessary to improve the attractiveness and effectiveness of the framework for investment managers and investors.

CONTENT: this proposal aims to **increase the uptake of ELTIFs across the EU**. This, in turn, would support the continued development of the Capital Markets Union (CMU), which also aims to make it easier for EU companies to access more stable and diverse long-term financing.

The proposed amendments to the ELTIF Regulation are expected to:

- ***increase flexibility***: the proposal introduces additional flexibility and alleviates the burden on fund managers who provide products tailored to the needs of professional clients. At the same time, removing the hurdles investors face in accessing ELTIFs (while maintaining current protections for investors) will reduce administrative burdens and make ELTIFs more attractive for asset managers and investors alike;

- ***improve accessibility***: amendments to the proposal aim to reduce barriers to entry for retail investors, while still ensuring appropriate levels of investor protection. For example, removing the requirement for a minimum investment of EUR 10 000 and the 10% aggregate

investment limit for those retail investors whose financial portfolios are below EUR 500 000. At the same time, the suitability test will be aligned with the MiFID II framework to avoid any duplication;

- ***provide redemptions***: the proposal introduces an additional liquidity window redemption mechanism that will make it possible for investors to exit an ELTIF investment earlier subject to certain conditions. It also seeks to ensure appropriate investor protection safeguards are in place.

Lastly, in order to give ELTIF managers sufficient time to adapt to the new requirements, including the requirements pertaining to the marketing of ELTIFs to investors, the proposed Regulation should start to apply six months after its entry into force.

Amendments to the European Long-Term Investment Funds (ELTIFs) Regulation

2021/0377(COD) - 29/06/2022 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs adopted the report by Michiel HOOGEVEEN (ECR, NL) on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2015/760 as regards the scope of eligible assets and investments, the portfolio composition and diversification requirements, the borrowing of cash and other fund rules and as regards requirements pertaining to the authorisation, investment policies and operating conditions of European long-term investment funds.

The committee responsible recommended that the European Parliament's position adopted at first reading under the ordinary legislative procedure should amend the proposal as follows:

Objective of the Regulation

The objective of this Regulation is to facilitate the raising and channelling of capital towards long-term investments in the real economy, **including towards the digital agenda for Europe, the European Green Deal** and other priority areas, in line with the Union objective of smart, sustainable and inclusive growth.

ELTIFs marketed as sustainable

Investors, and in particular retail investors, are showing increasing interest in sustainable investments. Therefore, a **new optional subcategory** of ELTIFs marketed as environmentally sustainable would be created to accommodate capital from investors seeking sustainable investments. This optional sub-category should be subject to stricter requirements regarding the list of eligible assets.

Members clarified that an ELTIF marketed as environmentally sustainable should comply with the requirements of Regulation (EU) 2019/2088 on sustainability reporting in the financial services sector and will only have to invest in eligible investment assets that meet the taxonomy requirements set out in the delegated acts adopted under Regulation (EU) 2020/852 on the establishment of a framework to promote sustainable investment.

ELTIFs marketed as environmentally sustainable should be subject to additional disclosure requirements. In particular, ELTIFs marketed as environmentally sustainable should disclose the share of their assets that comply with the taxonomy requirements.

Investment in green bonds

In order to encourage private capital flows towards more environmentally sustainable investments, the amended text clarifies that ELTIFs are also able to invest in green bonds to be issued under the prospective regulation based on the Commission proposal on European green bonds.

It is therefore proposed to complement Regulation (EU) 2015/760 so that green bonds and financial products that have sustainable investments as their objective are explicitly included in the list of eligible investment assets.

It will also be possible to allow ELTIFs to invest in a new financial undertaking as long as it aims to promote the objectives of Regulation (EU) 2015/760.

Eligible portfolio undertaking

In order to provide ELTIFs with a better liquidity profile, the market capitalisation of the listed qualifying undertakings in which ELTIFs can invest should therefore be increased from EUR 500 million to **EUR 2 billion**.

Borrowing cash

In order to allow managers of ELTIFs to raise capital more efficiently while keeping an eye on the potential risks that leverage could entail, ELTIFs marketed to retail investors should be permitted to borrow cash amounting to up to 70% of the net asset value of the ELTIF

Issuance and redemption of shares and units in open-ended ELTIFs

To increase the attractiveness of ELTIFs, open-ended fund structures alongside the existing closed-end structure should be introduced. Combining the introduction of open-ended fund structures with clear rules for redemption rights would increase flexibility for investors and enable increased participation.

Transparency

ELTIFs should, insofar as possible due to the nature and composition of the eligible investment assets, **document and disclose specific information** on the extent to which their eligible investment assets pursue environmental objectives, the agenda of the European Green Deal and the principle of do no significant harm, as well as the objectives of protecting social rights and guaranteeing minimum social safeguards.

Investor protection

In order to ensure effective investor protection, it is clarified that when an ELTIF invests in other ELTIFs, European Venture Capital Funds (EuVECA), European Social Entrepreneurship Funds (EuSEF), in UCITS and AIFs managed by EU-based EU AIF managers, these collective investment undertakings should also invest in eligible investments and should not themselves have invested **more than 20% of their net asset value** in any other collective investment undertaking, and thus offer a similar risk profile to that of ELTIFs.

Where, on the basis of the suitability assessment, it is ascertained that an ELTIF is not suitable for a retail investor, the manager of the ELTIF or the distributor should issue a **clear written alert** that investing more than 10% of that investor's portfolio of financial instruments might constitute excessive risk-taking.

Entry into force

In order to give ELTIF managers sufficient time to adapt to the new requirements, including those pertaining to the marketing of ELTIFs to investors, the Regulation should start to apply **nine months** after its entry into force. However, existing ELTIFs should be allowed to benefit from a grandfathering clause in order to preserve predictability and trust.

Furthermore, the requirements of the Regulation should not apply to ELTIFs approved before the entry into force of the Regulation, except in cases where an ELTIF requests to be subject to the amending Regulation.

Amendments to the European Long-Term Investment Funds (ELTIFs) Regulation

2021/0377(COD) - 20/03/2023 - Final act

PURPOSE: to review the functioning of the legal framework for the operation of European Long-Term Investment Funds (ELTIFs) to ensure that more investments are channelled to businesses in need of capital and to long-term investment projects.

LEGISLATIVE ACT: Regulation (EU) 2023/606 of the European Parliament and of the Council amending Regulation (EU) 2015/760 as regards the requirements pertaining to the investment policies and operating conditions of European long-term investment funds and the scope of eligible investment assets, the portfolio composition and diversification requirements and the borrowing of cash and other fund rules.

CONTENT: the ELTIF regulatory framework sets out detailed fund rules on eligible assets and investments, diversification and portfolio composition, leverage limits and marketing. ELTIFs are the only type of funds dedicated to long-term investments that can be distributed on a cross-border basis to both professional and retail investors.

The ELTIF industry is relatively small and concentrated in a handful of Member States. There is an untapped potential to channel more capital towards long-term projects.

Given that ELTIFs could facilitate long-term investments in, *inter alia*, energy, transport and social infrastructure, as well as job creation, this Regulation amends the 2015 Regulation so that its objective is to **facilitate the raising and channelling of capital towards long-term investments in the real economy** , including towards investments that promote the European Green Deal and other priority areas, and to ensure that capital flows are directed towards projects that put the Union's economy on a path towards smart, sustainable and inclusive growth.

The amending Regulation aims to **overcome a number of supply and demand side limitations**. In particular, it clarifies:

- the scope of eligible assets and investments,

- the portfolio composition and diversification requirements,

- the conditions for borrowing and lending of cash and other fund rules, including sustainability aspects,

- the redemption of units or shares of ELTIFs.

The Regulation also includes rules to make it **easier for retail investors to invest in ELTIFs** while ensuring strong investor protection.

The units or shares of an ELTIF may only be marketed to a retail investor where an assessment of suitability has been carried out and a statement on suitability has been provided to that retail investor.

The **express consent** of the retail investor indicating that the investor understands the risks of investing in an ELTIF should be obtained where all of the following conditions are met:

- the assessment of suitability is not provided in the context of investment advice;

- the ELTIF is considered not suitable for the retail investor on the basis of the assessment of suitability;

- the retail investor wishes to proceed with the transaction despite the fact that the ELTIF is considered not suitable for that investor.

The distributor or, when directly offering or placing units or shares of an ELTIF to a retail investor, the manager of the ELTIF should issue a clear **written alert** to retail investors that the availability of a matching mechanism does not guarantee the matching or entitle retail investors to exiting or redeeming their units or shares of the ELTIF concerned. That written alert should be part of a single written alert that also informs retail investors that

the ELTIF product might not be fit for retail investors that are unable to sustain such a long-term and illiquid commitment, where the life of an ELTIF offered or placed to retail investors **exceeds 10 years**.

By 11 January 2026, the Commission should carry out an assessment and submit a report accompanied, where appropriate, by a legislative proposal, regarding at least the following:

- whether the creation of an optional designation of “ELTIF marketed as environmentally sustainable” or “green ELTIF” is feasible;

- whether there should be a general obligation for ELTIFs to comply in their investment decisions with the principle of “do no significant harm”.

Amendments to the European Long-Term Investment Funds (ELTIFs) Regulation

2021/0377(COD) - 15/02/2023 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted by 492 votes to 109, with 27 abstentions, on the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU) 2015/760 as regards the scope of eligible assets and investments, the portfolio composition and diversification requirements, the borrowing of cash and other fund rules and as regards requirements pertaining to the authorisation, investment policies and operating conditions of European long-term investment funds.

The European Parliament's position adopted at first reading under the ordinary legislative procedure amends the Commission's proposal as follows:

Objective of the Regulation

It is clarified that the objective of this Regulation is to facilitate the raising and channelling of capital towards long-term investments in the real economy, including towards investments that promote the **European Green Deal** and other priority areas, in line with the Union objective of smart, sustainable and inclusive growth.

Qualifying portfolio undertaking

According to the amended text, a qualifying portfolio undertaking should be an undertaking that fulfils, at the time of the initial investment, the following requirements:

(a) it is not a financial undertaking, unless: (i) it is a financial undertaking that is not a financial holding company or a mixed-activity holding company; and (ii) it has been authorised or registered more recently than five years before the date of the initial investment;

(b) it is an undertaking which: (i) is not admitted to trading on a regulated market or on a multilateral trading facility; or (ii) is admitted to trading on a regulated market or on a multilateral trading facility and has a market capitalisation of no more than EUR 1 500 000 000;

(c) it is established in a Member State, or in a third country provided that the third country: (i) is not identified as high-risk third country; (ii) is not mentioned in Annex I to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes.

Portfolio composition and diversification

An ELTIF should invest at least 55 % of its capital in eligible investment assets.

In the event that an ELTIF infringes the portfolio composition and diversification requirements or the borrowing limits, and the infringement is beyond the control of the manager of the ELTIF, the manager of the ELTIF should, within an appropriate period of time, take such measures as are necessary to rectify the position, taking due account of the interests of the investors in the ELTIF.

Borrowing of cash

It is stipulated that an ELTIF may borrow cash provided that such borrowing represents no more than **50 %** of the net asset value of the ELTIF in the case of ELTIFs that can be marketed to retail investors, and no more than **100 %** of the net asset value of the ELTIF in the case of ELTIFs marketed solely to professional investors.

The manager of the ELTIF should specify in the prospectus of the ELTIF whether the ELTIF intends to borrow cash as part of the ELTIF’s investment strategy and, if so, should also specify therein the borrowing limits.

Redemption of units or shares of ELTIFs

Investors in an ELTIF should not be able to request the redemption of their units or shares before the end of the life of the ELTIF. Redemptions to investors shall be possible as from the day following the date of the end of the life of the ELTIF. The rules or instruments of incorporation of the ELTIF should clearly indicate a specific date for the end of the life of the ELTIF and may provide for the right to extend temporarily the life of the ELTIF and the conditions for exercising such a right.

By way of derogation, the rules or instruments of incorporation of an ELTIF may provide for the possibility of redemptions during the life of the ELTIF provided that certain conditions are met.

The life of an ELTIF should be consistent with the long-term nature of the ELTIF and should be compatible with the life-cycles of each of the individual assets of the ELTIF, measured according to the illiquidity profile and economic life-cycle of the asset and the stated investment objective of the ELTIF.

Investors should always have the option to be repaid in cash. Repayment in kind from the assets of the ELTIF should only be possible under certain conditions.

Specific requirements concerning the distribution and marketing of ELTIFs to retail investors

The manager of an ELTIF whose units or shares may be marketed to retail investors will be subject to the requirements set out in Directive 2014/65/EU on markets in financial instruments. Units or shares of an ELTIF may only be marketed to a retail investor if an **assessment of suitability** has been carried out in accordance with Directive 2014/65/EU and a statement of suitability has been provided to that retail investor in accordance with that Directive.

The **express consent** of the retail investor indicating that the investor understands the risks of investing in an ELTIF should be obtained where all of the following conditions are met:

- the assessment of suitability is not provided in the context of investment advice;

- the ELTIF is considered not suitable for the retail investor on the basis of the assessment of suitability;

- the retail investor wishes to proceed with the transaction despite the fact that the ELTIF is considered not suitable for that investor.

In order to avoid any misunderstanding by retail investors regarding the legal nature of, and the potential liquidity allowed for by, the secondary trading mechanism, the distributor or, when directly offering or placing units or shares of an ELTIF to a retail investor, the manager of the ELTIF should issue a **clear written alert** to retail investors that the availability of a matching mechanism does not guarantee the matching or entitle retail investors to exiting or redeeming their units or shares of the ELTIF concerned.

That written alert should be part of a single written alert that also informs retail investors that the ELTIF product might not be fit for retail investors that are unable to sustain such a long-term and illiquid commitment, where the life of an ELTIF offered or placed to retail investors exceeds 10 years.

Review of sustainability aspects of ELTIFs

No later than two years after the date of application of this amending Regulation, the Commission should carry out an assessment and submit a report to the European Parliament and to the Council accompanied, where appropriate, by a legislative proposal, regarding at least the following:

- whether the creation of an optional designation of **'ELTIF marketed as environmentally sustainable'** or 'green ELTIF' is feasible;

- whether there should be a general obligation for ELTIFs to comply in their investment decisions with the principle of 'do no significant harm', or whether that obligation should be limited to ELTIFs marketed as environmentally sustainable or green ELTIFs, in the eventuality that such an optional designation is considered feasible;

- whether there is any potential to improve the framework for ELTIFs by contributing more significantly to the objectives of the European Green Deal, without undermining the nature of ELTIFs.