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# **ELTIF (EUROPEAN LONG-TERM INVESTMENT FUNDS)**

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Updated in May 2023

## **1. Overview**

### **a. Presentation**

The European Long-Term Investment Fund, or ELTIF, is a type of collective investment framework allowing investors to put money into companies and projects that need long-term capital. It is aimed at investment fund managers who want to offer long-term investment opportunities to institutional and private investors across Europe.

A Long-Term Investment Fund is a fund that invests on long-term projects such as infrastructure projects and real estate, but also small and mediums enterprises (SMEs).

The regulation on ELTIF of the European Union (EU) entered into force in 2015.

While the ELTIF legislative framework for these funds was adopted several years ago, their market remains small. In January 2023, 84 ELTIFs have been authorized and they were concentrated in four Member States: Luxembourg, France, Italy and Spain.

To improve the effectiveness of the regime for ELTIFs and their managers and to make it more appealing to investors, the European Commission has made a proposal on November 2021 to amend the ELTIF Regulation.

### **b. Scope of the amendments made to ELTIF Regulation**

Legislative changes have been made to the ELTIF fund structure to make them more attractive to asset managers and investors, such as:

- The new regulation includes a broader scope of eligible assets, such as green bonds, fintechs, STS securitisations – a simplified definition of ‘retail assets’ – and an increased market capitalisation threshold.
- ELTIFs will also be able to invest in a fund of funds and master-feeder structures and utilise leverage.
- To improve access to retail investors, the minimum net worth requirement has been removed, as well as the previous €10,000 entry ticket.
- The suitability test for the Eltif has also been aligned with that of Mifid II to support regulatory harmonisation and ease compliance burdens.

These changes have been welcomed by the fund industry.

## 2. Chronology of events: key dates

- 09 December 2015: ELTIF Regulation EU 2015/760 became applicable
- 25 November 2021: Proposal from European Commission for a review of ELTIF Regulation.
- 23 March 2018: Publication of ELTIF Delegated Regulation which became applicable on 12 April 2018 (ELTIF RTS)
- 20 March 2023: Publication of Regulation EU 2023/606 amending the ELTIF Regulation – ELTIF 2
- 9 April 2023: ELTIF 2 entered into force
- 10 January 2024: ELTIF 2 will apply from 10 January 2024, nine months after the entry into force

Following the entry into force on 9 April 2023 of the revised ELTIF regime:

- Managers of ELTIFs authorised before 10 January 2024 may choose to opt into the revised ELTIF regime, provided the ELTIF's competent authority is notified and approves the opt-in.
- Managers of ELTIFs authorised under the provisions of the old regime, that is, under the ELTIF Regulation, benefit from a transitional period of five years and must comply with the revised ELTIF regime by 11 January 2029.
- ELTIFs authorised under the provisions of the old regime which do not raise additional capital are not required to comply with the new rules.

## 3. Reference text(s)

- Regulation (EU) 2015/760 on European Long-Term Investment Funds of 29 April 2015  
<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32015R0760>
- Delegated Regulation (EU) 2018/480 of 4 December 2017 (ELTIF Regulatory Technical Standards - RTS)  
<https://eur-lex.europa.eu/legal-content/GA/TXT/?uri=CELEX:32018R0480>
- Regulation (EU) 2023/606 of 15 March 2023 amending Regulation (EU) 2015/760 on European Long-Term Investment Funds (ELTIF 2)  
<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32023R0606&qid=1684748267313>

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