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Additional Information

Level 1 Regulation
European Social Entrepreneurship Funds Regulation (EuSEF) Regulation (EU) No 346/2013

Topic
EuSEF

Subject Matter
Management of EuSEF and EuVECA by AIFMs

Question
Can AIFMs above the threshold of Article 3(2)(b) of the AIFMD manage and market EuSEF and EuVECA?

ESMA Answer

11-11-2014

Original language

[ESMA 34-36-253 AIFMD Q&A, 1b]

Yes.

While the Regulation limits the benefit of the ‘light touch’ passporting regime to sub-threshold managers, the use of the EuVECA and EuSEF designation is not exclusive to these managers. In accordance with Article 2(2) of the Regulations, EuSEF and EuVECA managers that subsequently exceed the threshold in Article 3(2)(b) of the AIFMD, and therefore have to seek authorisation in accordance with the AIFMD, are entitled to market and manage EuSEF and EuVECA in accordance with the Regulations. Therefore, Article 2(1) of the Regulations cannot be interpreted as excluding AIFMs authorised in accordance with the AIFMD from using the designation EuVECA or EuSEF in relation to qualifying funds, as long as they ensure compliance with Articles 3 and 5 and points (c) and (i) of Article 13(1) of the EuVECA and EuSEF Regulations.

It should be taken into account that, to the extent AIFMs above the threshold are required to be authorised under the AIFMD and comply with the rules of the AIFMD, there are no prudential concerns in allowing these AIFMs to set up and market EuVECA and EuSEF to professional investors. From a regulatory and supervisory perspective, an authorisation under the AIFMD is more stringent than a registration under the EuVECA and EuSEF Regulation. Therefore, being authorised under the AIFMD should not trigger the process in Article 21(1)(c) of the EuVECA Regulation and 22(1)(c) of the EuSEF Regulation. In particular, it should be noted that the EU Commission is already reviewing the lack of success of EuSEF sub-threshold registrations.