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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
Which provisions should apply to AIFMs above the threshold of Article 3(2)(b) of the AIFMD that manage and market EuSEF and EuVECA?

ESMA Answer

11-11-2014

Original language

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

In accordance with Article 2(2) of the EuVECA and EuSEF Regulations, where the total assets under management of managers of qualifying social entrepreneurship funds/qualifying venture capital funds registered in accordance with Article 15/Article 14 respectively subsequently exceed the threshold referred to in point (b) of Article 3(2) of Directive 2011/61/EU, and where those managers are therefore subject to authorisation in accordance with Article 6 of that Directive, they have to comply with the requirements of the AIFMD and the following provisions:

- Articles 3 (definitions), 5 (rules on non-qualifying assets, leverage and borrowing) and points (c) and (i) of Article 13 (information to investors) of the EuVECA Regulation; and
- Articles 3 (definitions), 5 (rules on non-qualifying assets, leverage and borrowing), 10 (measurement of social impact), 13(2) and points (d), (e) and (f) of Article 14(1) (information to investors) of the EuSEF Regulation.

The same provisions of each Regulation, in addition to the AIFMD, should therefore apply to AIFMs above the threshold of Article 3(2)(b) of the AIFMD that manage and market EuSEF and EuVECA (i.e. to those AIFMs who have continuously been above the threshold of Article 3(2)(b) rather than subsequently exceeding that threshold).

It should be clarified what approach should be followed regarding the type of investors these AIFMs can target: that of the AIFMD (i.e. MiFID professional investors plus those set out in national rules) or that of the EuVECA and EuSEF Regulations (i.e. MiFID professional investors; those aware of the risks that invest a minimum amount of €100,000; and executives, directors or employees of the fund). Taking into account that the EuVECA and EuSEF Regulations are *lex specialis*, in the absence of a clear rule the provisions of these Regulations should prevail over those of the AIFMD. As a consequence, AIFMs above the threshold of Article 3(2)(b) of the AIFMD can market EuSEF and EuVECA to investors as defined in Article 6 of the EuSEF and EuVECA Regulations.