ESMA_QA_2013

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Additional Information

Level 1 Regulation
European Long-Term Investment Funds Regulation (ELTIF) Regulation (EU) 2015/760

Topic
ELTIF

Additional Legal Reference
Regulation 2023/606 (revised ELTIF Regulation)

Subject Matter
ELTIF unit or share classes and liquidity management tools

Question
Article 18(2), first subparagraph, point (e) of Regulation (EU) 2015/760, as amended, sets out that the rules or instruments of incorporation of an ELTIF may provide for the possibility

of redemptions during the life of the ELTIF provided that […] the redemption policy of the ELTIF ensures that investors are treated fairly and redemptions are granted on a pro rata basis provided some conditions are met. Recital (48) of Regulation (EU) 2015/760, as amended, details the conditions that may distinguish share classes (fees, legal structure, marketing rules) but also includes “other requirements” but provides no further details on the nature of such “other requirements”.

Should the words “other requirements” be interpreted as allowing for the use of (a) different notice periods, (b) different redemption gates and/or (c) different redemption frequency for different classes of units or shares of ELTIFs?

ESMA Answer

28-02-2025

Original language

Answer from the European Commission:

No, the words “other requirements” referred to in Recital (48) of Regulation (EU) 2023/606, read in combination with the requirements of Article 18(2), first subparagraph, point (e) and Article 30(5) of Regulation (EU) 2015/760, as amended, should be interpreted as not allowing for the use of either different notice periods, or different redemption gates or different redemption frequencies for different classes of units or shares of ELTIFs. In the context of the ELTIF Regulation, as amended, different notice periods or different redemption gates, or different limits on redemptions set out in Article 18 (2), first subparagraph, point (d) of Regulation (EU) 2015/760, as amended, or different redemption frequency for distinct unit or share classes would give investors in an ELTIF unit or share class with shorter notice periods or lower redemption gate, or lower maximum percentage of liquid assets thresholds, or with a higher redemption frequency an advantage over other investors in that ELTIF. That is because these different treatments would enable certain investors to have a more advantageous access to the liquid assets in the ELTIF, which, in the context of the ELTIF Regulation, as amended, would not be compatible with the requirements laid down in Article

18(2), first subparagraph, point (e) of Regulation (EU) 2015/760, as amended, that an ELTIF must ensure that investors are treated fairly and that redemptions are granted on a pro rata basis. Furthermore, different redemption gates across distinct unit or share classes would prevent the manager of the ELTIF from aggregating across all unit or share classes all redemption requests received under the same time period and to serve those requests on a pro rata basis, as required by Article 18(2), first subparagraph, point (e), of Regulation (EU) 2015/760, as amended.

The answers clarify provisions already contained in the applicable legislation. They do not extend in any way the rights and obligations deriving from such legislation nor do they introduce any additional requirements for the concerned operators and competent authorities. The answers are merely intended to assist natural or legal persons, including competent authorities and Union institutions and bodies in clarifying the application or implementation of the relevant legal provisions. Only the Court of Justice of the European Union is competent to authoritatively interpret Union law. The views expressed in the internal Commission Decision cannot prejudge the position that the European Commission might take before the Union and national courts.