ESMA_QA_2477

Submission Date
14/03/2025

Status: Answer Published

Additional Information

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

Topic
ELTIF

Subject Matter
Redemption policy

Question
Is a daily redemption and daily valuation compatible with the requirements of the ELTIF Regulation and the Commission Delegated Regulation, as referred to, in particular, in Article 5, Annex I and II of the ELTIF Delegated Regulation?

ESMA Answer

14-03-2025

Original language

Answer provided by the European Commission

Yes, in principle, the ELTIF Regulation and Commission Delegated Regulation (EU) 2024/2759 do not prevent an ELTIF manager from setting out a redemption frequency that is more frequent than a weekly redemption, for instance, bi-weekly or a daily redemption.

ELTIF managers have the discretion to calibrate the percentage referred to in Article 18(2), first subparagraph, point (d), of the ELTIF Regulation by selecting either Annex I or Annex II of Commission Delegated Regulation (EU) 2024/2759. Both Annexes refer to weekly/monthly “or more frequent” redemptions. This is also consistent with Recital (11) of Commission Delegated Regulation (EU) 2024/2759, which refers to the flexibility in calibrating the liquidity parameters (thus, allowing redemption frequency different from those laid down in Annex I and Annex II of Commission Delegated Regulation (EU) 2024/2759).

In this connection, when an ELTIF manager determines the redemption frequency, that manager must take into account, among others, the following obligations. Article 5(2)(d) of Commission Delegated Regulation (EU) 2024/2759 sets out that when adopting the redemption policy of an ELTIF, in assessing the liquidity profile of the ELTIF, the manager of the ELTIF shall take into account the methods and documented process for the valuation of the assets of the ELTIF. Furthermore, ELTIFs must ensure the alignment and coherence of an ELTIF’s investment strategy with its liquidity profile and redemption policy of the ELTIF. In addition, in the interest of transparency and investor protection, the manager of an ELTIF should provide the competent authority of the ELTIF with certain minimum information that demonstrate that the ELTIF has in place an appropriate redemption policy and liquidity management tools that are compatible with the long-term investment strategy of the ELTIF.

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