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Additional Information

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

Topic
ELTIF

Subject Matter
Matching mechanism

Question
While anti-dilution levies are referred to in Article 5(9) of the ELTIF Delegated Regulation, can the matching price, as referred to in Article 19(2a) of the ELTIF Regulation, of the secondary market include an anti-dilution levy?

ESMA Answer

14-03-2025

Original language

Answer provided by the European Commission

"*Full or partial matching of transfer requests of units or shares of the ELTIF by exiting investors with transfer requests by potential investors*" within the meaning of Article 19(2a) of the ELTIF Regulation solely involves the transfer of units or shares of an ELTIF by an exiting investor to a new investor. As a result of this transfer, and unlike in the case of redemptions where the units or shares of a redeeming investor are extinguished, no new units or shares are extinguished (or created) and the number of units or shares remains the same as prior to the transfer (matching). To the extent that the volume of possible matching is limited by the volume of subscriptions, there is no impact on the unit or share count or on the portfolio of the ELTIF. As a result, the transfer of requests (matching) under Article 19(2a) does not result in or have a dilution effect. Thus, there should be no need for anti-dilution levies.
However, to the extent that subscriptions/redemptions are processed on a matching date (whether separately or concurrently with/in addition to the matching process), in line with Article 5(9) of Commission Delegated Regulation (EU) 2024/2759, the manager of an ELTIF may, at its discretion, apply an anti-dilution levy to the additional subscriptions/redemptions that may take place.
Moreover, irrespective of whether subscriptions/redemptions are being processed separately or concurrently with the matching of requests in accordance with Article 19(2a), an ELTIF should also be permitted to apply fees, costs and charges, if any, related to the transfer process (other than for anti-dilution purposes) as referred to in Article 19(2a)(a)(vii) of the ELTIF Regulation.

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