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Additional Information

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

Topic
ELTIF

Subject Matter
Benefitting from the distributions of the ELTIF

Question
a) May an ELTIF define a minimum period before which the shares cannot benefit from distributions of the ELTIF?

b) May the setting of a minimum holding period during which investors cannot benefit from the distributions of the ELTIF be considered as a “fee" or a “cost”, as per the requirements of

Article 25 of the ELTIF Regulation?

ESMA Answer

14-03-2025

Original language

Answer provided by the European Commission

Question a) May an ELTIF define a minimum period before which the shares cannot benefit from distributions of the ELTIF?

Yes, the ELTIF Regulation does not explicitly prohibit or restrict the ability of an ELTIF manager to set out a period of time within which the units or shares of the ELTIF cannot benefit from distributions. Notably, Article 22(4) of the ELTIF Regulation requires to specify the distribution policy that the ELTIF will apply during its life in the rules or instruments of incorporation. In this context, ELTIFs must comply with the requirements of the ELTIF Regulation, inter alia, with respect to the transparency as to the frequency and the timing of distributions of proceeds, if any, to investors during the life of the ELTIF in line with Article 23(4)(e) of the ELTIF Regulation.

Question b) May the setting of a minimum holding period during which investors cannot benefit from the distributions of the ELTIF be considered as a “fee" or a “cost”, as per the requirements of Article 25 of the ELTIF Regulation?

No, setting out a minimum holding period during which holders of the units or shares of an ELTIF cannot benefit from the distributions of an ELTIF cannot be considered as a “fee” or a “cost” within the meaning of Article 25(1) and (2) of the ELTIF Regulation since different costs and fees, irrespective of whether they are borne directly or indirectly, are solely comprised of the categories set out in Article 25(1) of the ELTIF Regulation. In addition, in accordance with

Article 25(1) of the ELTIF Regulation, setting of a holding minimum period is not listed in Article 12 of Commission Delegated Regulation (EU) 2024/2759, which specifies the common definitions, calculation methodologies and presentation formats of the costs referred to in Article 25(1) and the overall ratio referred to in Article 25(2) of the ELTIF Regulation.

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