

ESMA

201-203 rue de Bercy
CS 80910
75589 Paris Cedex 12
France

Milan, 25 July 2023

Consultation Paper - Draft regulatory technical standards under the revised ELTIF Regulation

ANASF, the national Association representing financial advisors authorised to offer investment services off the premises of financial intermediaries (consulenti finanziari abilitati all'offerta fuori sede) registered in the official national register pursuant to Article 31 of the Consolidated Law on Finance (Legislative Decree no. 58/1998), would like to express a few considerations regarding the subject of the consultation paper.

Q3: Do you agree with the abovementioned assumptions? In relation to the ELTIF cost ratio figures to be expressed as yearly percentages (of the capital of the ELTIF), would you see merit in expressing it instead in terms of maximum percentages (and, in the prospectus, only refer to the corresponding yearly figures included in the KID, or in the annual report of the ELTIF)?

We believe that the second option is preferable, i.e. expressing the cost ratio in terms of maximum percentages by indicating in the statement the corresponding maximum costs included in the Kid or Eltif annual report. This assumption is preferable, because it disregards the additional costs charged, such as entry costs.

Q4: Do you agree that the types of cost mentioned in the present paragraph are annual costs that could be expressed as a percentage of the capital? What are your views on the list of "other costs" referred to above in paragraph 31(b) which are suggested to be added, as compared to the list of "other costs" referred to in Article 25(1)(e) of the ELTIF Regulation?

We share the Authority's view.

Q5: Do you agree that the types of cost mentioned in paragraph 32 are fixed costs and that an assumption on the duration of the investment is necessary to calculate these costs in the numerator of the overall cost ratio mentioned in Article 25(2), provided that this overall ratio is a yearly ratio? Would you see merit in specifying what is to be

meant by the “setting-up” of the ELTIF, as referred to in Article 25(1)(a) of the ELTIF Regulation? If yes, could you indicate which elements of the “setting-up” of the ELTIF should be clarified?

The costs of setting up the ELTIF are in fact the start-up costs of the ELTIF and it is essential to have a hypothesis of the duration of the investment in order to be able to spread them over the years, especially considering that it is a long-term investment. We agree that it may be useful to specify what is meant by the establishment of the ELTIF, also for educational purposes so that the costs can be better understood.

Q9: Do you agree with the proposed criteria to determine the minimum holding period (referred to in point (a) of paragraph 2 - Article 18(6)(a)) of the ELTIF Regulation? What are your views on the setting of a minimum of X years for all ELTIFs, irrespective of their individual specificities (with X equal to 3, for example), with respect to the abovementioned minimum holding period?

We agree with the criteria indicated, which have in fact already been adopted. We suggest taking the minimum period of 5 years, which is already provided for by Italian law, as a reference for the long term. This minimum period also makes it easier for the client to identify the specific product, which otherwise risks becoming a clone of other existing products.

In Italy there is also a specific regulation for alternative long-term savings investment plans with Eltif in the portfolio (*PIR Alternativi*). Such savings plans allow for a tax benefit following a minimum investment holding of 5 years.

We also consider a further general comment to be essential. Changing the terms of liquidity of a financial product, not by chance defined as 'long-term', means substantially distorting its technical contents and forcibly changing its management strategies, making it indistinguishable from the more classic UCITS. This will not be to the benefit of making them more widespread, because they will soon be shelved by the market after potential confusion. In particular, the investment strategies that an AIFM adopts involve the necessary timeframes typical of Eltifs, even with the possibility of significant losses in the short term. With this in mind, the authority issuing the relevant regulations should at least explicitly point out this eventuality, without calling it incidental, but rather almost systematic, by means of a sort of disclaimer at the highest level that allows citizens to be aware in their choices. We would point out that this situation might otherwise be even more serious, due to the fact that the decision was taken in the regulatory review to also eliminate the asset limit of 100,000 euro, for subscribers with personal securities assets of less than 500,000 euro, instead of following our suggestion to only eliminate the minimum investment limit (for the purpose of greater diversification), in order to be able to access the subscription of these specific financial products.

ANASF, in thanking you for your attention, is at your disposal for any queries you may have.

Best Regards,



Luigi Conte
Presidente ANASF