Euroclear response to the ESMA consultation on the Draft regulatory technical standards under the revised ELTIF Regulation

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Introduction

Euroclear welcomes the opportunity to respond to the European Securities and Markets Authority (ESMA) consultation on the draft regulatory technical standards under the revised ELTIF Regulation.

The revised ELTIF holds the prospect to increase the participation to the capital markets and foster its access to retail investors, two aspects that are key for the CMU objective to support the financing of capital markets outside the traditional banking sector. By developing guidance for a secondary market matching mechanism for ELTIFs which relies on sound principles of matching and fair treatment of investors, ESMA will contribute to this objective.

Facilitating access to ELTIFs could be enabled by developing an infrastructure that allows distributors to access alternative funds in the same manner as they currently access mutual funds and exchange traded funds. This is one of the objective of the Euroclear group, which aims to optimise and maximise the synergies towards fund management companies (FMCs) and distributors/institutional investors for all investment fund types, including ELTIFs.

Because most questions from the consultation are not aimed at market infrastructures servicing ELTIFs, such as Euroclear, we limit our response to the question related to the proposed principle-based approach.

Q13: Do you agree with the principle-based approach suggested above, in relation to the ESMA RTS under Article 19(2a)?

We support the need for standardization to encourage cross-border transactions and acknowledge the need to take into account local treatment and specificities of this instrument category. These objectives will be best achieved with a principle-based approach that provides a suitable framework.

Trusted and neutral market infrastructures are well placed to support FMCs, distributors and their underlying clients to reconcile both regulatory and market-driven requirements, achieve efficiency for this promising asset class and develop innovative digital tools to enhance interaction with underlying retail investors.

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