

ANNEX 1
Key Changes to the ELTIF Regime

| TOPIC | ELTIF 1.0 | ELTIF 2.0 |
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| ELIGIBLE INVESTMENTS | <ul style="list-style-type: none"> Required to invest (at least) 70% of capital in Eligible Investment Assets [See Annex 2]. | <ul style="list-style-type: none"> Required to invest (at least) 55% of capital in Eligible Investment Assets. Increased scope on what qualifies as an Eligible Investment Asset. |
| | <ul style="list-style-type: none"> Individual real assets must have a value of at least €10 million. Definition of real asset as “any asset that has value due to its substance and properties and may provide returns, including infrastructure and other assets that give rise to economic or social benefit, such as education, counselling, research and development, and including commercial property or housing only where they are integral to, or an ancillary element of, a long-term investment project that contributes to the EU objective of smart, sustainable and inclusive growth”. | <ul style="list-style-type: none"> No requirement on minimum value of real assets. Definition of real assets significantly revised to encompass all assets that have “intrinsic value due to [their] substance and properties”. |
| MARKET CAPITALISATION AND NEW OPPORTUNITIES | <ul style="list-style-type: none"> Ceiling of €500 million at time of initial investment. | <ul style="list-style-type: none"> Ceiling of €1.5 billion at the time of initial investment. Ability to conduct minority co-investment in investment opportunities. Eligible Investment Assets may be located in third countries.¹ |
| DIVERSIFICATION | <p>Up to 10% of the capital of the ELTIF could be invested in:</p> <ul style="list-style-type: none"> Instruments issued by/loans granted to any single Qualifying Portfolio Undertaking. [See Annex 2] Any single real asset. Units or shares of any single ELTIF, European Venture Capital Fund (“EuVECA”), European Social Entrepreneurship Fund (“EuSEF”), UCITS or EU AIF² managed by an EU AIFM. | <ul style="list-style-type: none"> Diversification limit increased to 20% for the same investments. |
| | <p>Up to 5% of the capital of the ELTIF could be invested in:</p> <ul style="list-style-type: none"> Any UCITS eligible asset issued by one single body. The risk exposure to any counterparty with respect to over-the-counter derivative transactions, repurchase agreements or reverse repurchase agreements. | <ul style="list-style-type: none"> Diversification limit increased to 10% for the same investments. |

¹ Being a non-EU or non-EEA country, provided it is not identified as high-risk third country for money laundering or listed on EU list of non-cooperative jurisdictions for tax purposes.

² Where those funds also invest in eligible investments and have not themselves invested more than 10% of their capital in any other collective investment undertaking.

| TOPIC | ELTIF 1.0 | ELTIF 2.0 |
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| LEVERAGE | <ul style="list-style-type: none"> Limitation on borrowing of 30% of the capital of the ELTIF. | <ul style="list-style-type: none"> Ability to borrow up to 50% of the value of the ELTIF (where marketed to retail investors) and up to 100% of the value of the ELTIF (where marketed solely to professional investors). |
| RETAIL BARRIERS | <ul style="list-style-type: none"> Requirement for distributors and managers to carry out a suitability assessment of retail investors. | <ul style="list-style-type: none"> Removed.³ |
| | <ul style="list-style-type: none"> Requirement for distributors and managers to provide appropriate investment advice to retail investors. | <ul style="list-style-type: none"> Removed. |
| | <ul style="list-style-type: none"> Requirement to set up local facilities agent in each Member State where ELTIFs are marketed. | <ul style="list-style-type: none"> Removed. |
| MINIMUM INVESTMENT | <ul style="list-style-type: none"> Retail investors (portfolio < €500,000) must make a minimum investment of €10,000 in one or more ELTIFs and may not invest an aggregate amount exceeding 10% of their financial instrument portfolio in ELTIFs. | <ul style="list-style-type: none"> Removed. |
| WIND DOWN AND EARLY EXIT | <ul style="list-style-type: none"> Investors can request the winding down of an ELTIF where their redemption requests are not satisfied within a year of being made. | <ul style="list-style-type: none"> Removed. |
| | <ul style="list-style-type: none"> No early exit provisions. | <ul style="list-style-type: none"> Possibility of an early exit of investors.⁴ |

³ Note that the suitability assessment required by MiFID II remains in force.

⁴ Subject to the requirement that there be a policy for matching potential investors and exit requests.

ANNEX 2

Overview of the ELTIF Regime

| TOPIC | ELTIF 2.0 |
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| ELIGIBLE INVESTMENTS | <p>An ELTIF shall invest only in the following categories of assets:</p> <ul style="list-style-type: none"> a. eligible investment assets; b. eligible assets under the UCITS Directive¹. <p>Eligible Investment Assets (under Article 10 of the ELTIF Regulation)</p> <ul style="list-style-type: none"> a. equity or quasi-equity instruments which have been: <ul style="list-style-type: none"> (i) issued by a Qualifying Portfolio Undertaking (defined below) and acquired by the ELTIF from that Qualifying Portfolio Undertaking or from a third party via the secondary market; (ii) issued by a Qualifying Portfolio Undertaking in exchange for an equity or quasi equity instrument previously acquired by the ELTIF from that Qualifying Portfolio Undertaking or from a third party via the secondary market; (iii) issued by an undertaking in which a Qualifying Portfolio Undertaking holds a capital participation in exchange for an equity or quasi-equity instrument acquired by the ELTIF in accordance with point (i) or (ii) of this point (a); b. debt instruments issued by a Qualifying Portfolio Undertaking; c. loans granted by the ELTIF to a Qualifying Portfolio Undertaking with a maturity that does not exceed the life of the ELTIF; d. units or shares of one or several other ELTIFs, EuVECAs, EuSEFs, UCITS and EU AIFs² managed by EU AIFMs; e. real assets; f. simple, transparent and standardised securitisations where the underlying exposures correspond to one of the following categories: <ul style="list-style-type: none"> (i) assets listed in Article 1, point (a)(i), (ii) or (iv), of Commission Delegated Regulation (EU) 2019/1851; (ii) assets listed in Article 1, point (a)(vii) or (viii), of Delegated Regulation (EU) 2019/1851, provided that the proceeds from the securitisation bonds are used for financing or refinancing long-term investments; g. bonds issued, pursuant to the EU Green Bond Regulation³, by a Qualifying Portfolio Undertaking. <p>Qualifying Portfolio Undertaking (under Article 11 of the ELTIF Regulation)</p> <p>A Qualifying Portfolio Undertaking shall be an undertaking that fulfils, at the time of the initial investment, the following requirements:</p> <ul style="list-style-type: none"> a. it is not a financial undertaking, unless: <ul style="list-style-type: none"> (i) it is a financial undertaking that is not a financial holding company or a mixed-activity holding company; and (ii) that financial undertaking has been authorised or registered more recently than 5 years before the date of the initial investment; b. it is an undertaking which: <ul style="list-style-type: none"> (i) is not admitted to trading on a regulated market or on a multilateral trading facility; or (ii) is admitted to trading on a regulated market or on a multilateral trading facility and has a market capitalisation of no more than €1.5 billion; c. it is established in a Member State, or in a third country provided that the third country: <ul style="list-style-type: none"> (i) is not identified as high-risk third country listed in the delegated act adopted pursuant to Article 9(2) of the Fourth Money Laundering Directive⁴; (ii) is not mentioned in Annex I to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes. |

¹ Directive 2009/65/EC

² Where those funds also invest in eligible investments and have not themselves invested more than 10% of their capital in any other collective investment undertaking.

³ Regulation (EU) 2023/2631

⁴ Directive (EU) 2015/849

| TOPIC | ELTIF 2.0 |
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| MARKET CAPITALISATION AND NEW OPPORTUNITIES | <ul style="list-style-type: none"> • Ceiling of €1.5 billion at the time of initial investment. • Ability to conduct minority co-investment in investment opportunities. • Qualifying Portfolio Undertakings may be located in third countries.⁵ |
| DIVERSIFICATION⁶ | <p>Up to 20% of the capital of the ELTIF could be invested in:</p> <ul style="list-style-type: none"> • Instruments issued by/loans granted to any single Qualifying Portfolio Undertaking. • Any single real asset. • Units or shares of any single ELTIF, EuVECA, EuSEF, UCITS or EU AIF⁷ managed by an EU AIFM. <p>Up to 10% of the capital of the ELTIF could be invested in:</p> <ul style="list-style-type: none"> • Any UCITS eligible asset issued by one single body. • The risk exposure to any counterparty with respect to over-the-counter derivative transactions, repurchase agreements or reverse repurchase agreements. |
| LEVERAGE | <ul style="list-style-type: none"> • Ability to borrow up to 50% of the value of the ELTIF (where marketed to retail investors) and up to 100% of the value of the ELTIF (where marketed solely to professional investors). |
| MINIMUM INVESTMENT | <ul style="list-style-type: none"> • No minimum investment amount. |
| EARLY EXIT | <ul style="list-style-type: none"> • Possibility of an early exit of investors.⁸ |

⁵ Being a non-EU or non-EEA country, provided it is not identified as high-risk third country for money laundering or listed on EU list of non-cooperative jurisdictions for tax purposes.

⁶ These concentration limits do not apply where the ELTIF is being marketed solely to professional investors.

⁷ Where those funds also invest in eligible investments and have not themselves invested more than 10% of their capital in any other collective investment undertaking.

⁸ Subject to the requirement that there be a policy for matching potential investors and exit requests.