

18 January 2021

## 1. Introductory questions

**Question 1. Please specify to what extent you agree with the statements below?**

	1 (fully disagree)	2 (somewhat disagree)	3 (neutral)	4 (somewhat agree)	5 (fully agree)	Don't know - No opinion - Not applicable
The ELTIF framework has been successful in achieving its objective of raising and channelling capital towards European long-term investments in the real economy		x				
The scope of the ELTIF authorisation is appropriate			x			
The costs of launching and operating an ELTIF, and the regulatory and administrative burdens are appropriate			x			
The ELTIF regime is relevant to the needs and challenges in EU asset management			x			
The existing ELTIF regime is consistent with the CMU objectives				x		
The ELTIF regime has brought added value to investors in and the financing of long-term projects		x				
The ELTIF investor protection framework is appropriate			x			

**Question 1.1 Please explain your position on your responses to question 1, providing key arguments to support your answers:**

*In general, given their size and sophistication, institutional investors are able to tailor investment funds and other investment vehicles to meet their specific needs and preferences. Fund managers developing and managing these vehicles in Europe are highly professional and well-regulated,*

primarily under AIFMD, and the investments, at least in real estate, are almost always long term. As a result, ELTIFs have not been particularly attractive to institutional investors, especially given some of the regulatory requirements attached to ELTIFs that are not appropriate for institutional investment funds.

However, with some minor adjustments, the ELTIF could serve as an attractive fund product for retail investors and could be efficiently marketed by EU fund managers with an EU passport. These funds could increase long-term investment into the real economy in Europe. At the same time, the EU passport makes them interesting for fund managers that are not eligible for an AIFMD passport, for example sub-threshold EU AIFMs for which the cost and administrative burden of AIFMD are prohibitive.

A significant barrier to use of ELTIFs has been the lack of clarity around the requirement that investments contribute to achieving an economic or social benefit under the Union's energy, regional and cohesion policies, which is very uncertain in the case of real estate investments. We believe that if the requirement that ELTIFs support a social goal of the EU were satisfied by those funds complying with all the requirements of the Sustainable Finance Disclosure Regulation or being classified as sustainable under the EU taxonomy for sustainable activities, it would be much more certain how a fund could fulfil this requirement while ELTIFs would further EU sustainable finance goals and the Green Deal.

**Question 2. Please indicate the areas and provisions in the ELTIF regime where policy action would be most needed to improve the functioning of the ELTIF regulatory framework? Please rate as follows:**

	1 (no policy action needed)	2 (policy action could be considered)	3 (policy action desirable)	4 (policy action needed)	5 (policy action very strongly needed)	Don't know - No opinion - Not applicable
General principles and definitions used in the ELTIF Regulation			x			
Market capitalisation threshold defining an SME equity or debt issuer						x
Authorisation requirements						x
Operational conditions						x
Passportability of ELTIFs						x

Rules pertaining to eligible investments			x			
Clarification and/or practical guidance on the eligibility requirements, notably in relation to investments in real assets				x		
Rules pertaining to the prohibition to undertake certain activities					x	
Rules concerning the qualifying portfolio undertakings					x	
Conflict of interests related rules, including the ban on co- investment						x
Portfolio composition and diversification rules and their application						x
Concentration limits						x
Rules and limitations related to the borrowing of cash						x
Redemption related rules and life-cycle of ELTIFs						x
Rules concerning the disposal of ELTIF assets						x
Transparency requirements						x
Prospectus- related provisions						x
Cost disclosure related rules						x
Rules pertaining to the facilities available to investors for making subscriptions						x
Requirements concerning the marketing and distribution of ELTIFs to investors						x
Specific provisions concerning the depositary of an ELTIF marketed to retail investors						x
Provisions and rules pertaining to the marketing of ELTIFs to retail investors						x
Provisions integrating the EU Taxonomy for sustainable activities into the ELTIF framework						x
Inconsistent or duplicative application of the ELTIF related requirements by Member States						x
Issues arising from the supervisory practices within Member States						x

Cross-border marketing related challenges						x
Excessive reliance on distribution networks to market ELTIFs						x
Excessive costs of setting up and operating ELTIFs						x
Competition from existing national fund structures						x
Taxation related issues				x		
Other aspects						x

**Question 2.1 Please explain your position on your answer to question 2, providing your arguments, and where appropriate, concrete examples and data to support your answers:**

*As an industry association representing institutional investors in non-listed real estate vehicles, and as we believe that ELTIFs are a product most likely to be suitable for retail investors, we do not express an opinion in many issues related to improving the functioning of the ELTIF framework or to appropriate rules for the protection of retail investors.*

*However, we note that, if possible, for ELTIFs to be attractive, Special Purpose Vehicles (SPVs) in an ELTIF structure that are used for efficient management of assets, ringfencing liabilities or other business purposes should be tax neutral and, ideally, exempt from national transfer taxes supplementary to those applicable at the level of the assets the ELTIF may invest in, so that tax is paid only by the ultimate investor. This is especially important for avoiding double taxation, which would be a significant disincentive to invest in ELTIFs.*

**Question 3. Please rate the following characteristics of the ELTIF framework based on how positive or negative their impact is, as follows:**

	-2 (significant negative impact)	-1 (negative impact)	0 (no impact)	1 (positive impact)	2 (significant positive impact)	Don't know - No opinion - Not applicable
Broad scope of eligible assets under the ELTIF regime					x	

Long-term and illiquid nature of the investments of an ELTIF					x	
Operational conditions		x				
Transparency requirements				x		
Availability of ELTIFs to retail investors				x		
Requirements and safeguards for marketing of ELTIFs to retail investors				x		
Validity of an authorisation as an ELTIF for all Member States					x	
Other aspects						x

**Question 3.1 Please explain your position on your answer to question 3, providing your arguments, and where appropriate, concrete examples and data to support your answers:**

*We believe that the broad scope of eligible assets under the ELTIF framework, the long-term and illiquid nature of the investments of an ELTIF and the validity of an authorisation as an ELTIF for all Member States have a positive impact on the attractiveness and therefore success of the ELTIF.*

## 2. Scope of the ELTIF authorisation and process

**Question 4. Is the scope of the ELTIF authorisation and operating conditions appropriate?**

**Please explain your answer:**

*We believe that the scope of the ELTIF authorisation is appropriate and that while the operating conditions may be appropriate for retail investors, many are not appropriate for institutional investors and either add additional cost or create a drag on returns.*

**Question 5. Should the ELTIF framework be amended to enhance the use of the ELTIF passport?**

- Yes

**Question 5.1 Please explain how you think the ELTIF framework should be amended to enhance the use of the ELTIF passport.**

**Please explain your suggestions, including benefits and disadvantages as well as potential costs thereof, where possible:**

As noted in response to Question 1.1, a significant barrier to use of ELTIFs has been the lack of clarity around how the requirement that investments contribute to achieving an economic or social goal under the Union's energy, regional and cohesion policies, which is very uncertain in the case of many real estate investments. We believe that if the requirement that ELTIFs support a social goal of the EU were satisfied by those funds complying with all the requirements of the Sustainable Finance Disclosure Regulation or being classified as sustainable under the EU taxonomy for sustainable activities, it would be much more certain how a fund could fulfil this requirement.

### 3. Investment universe, eligible assets and qualifying portfolio undertakings

**Question 6. Should any of the following investments be eligible under the revised ELTIF framework? Please rate as follows:**

	-2 (investments should be strongly discouraged)	-1 (investments should be discouraged)	0 (no impact)	1 (investments should be encouraged)	2 (investments should be strongly encouraged)	Don't know - No opinion - Not applicable
Investments in innovative technologies						x
Investments in green, sustainable and/or climate related projects					x	
Investments in projects that classify as sustainable under the EU taxonomy for sustainable activities					x	
Post-COVID 19 recovery related projects						x
Any financial assets with long-term maturities						x
Investments in digital assets and infrastructure						x
Investments in social infrastructure and social cohesion					x	
Investments in energy infrastructure and energy efficiency					x	
Any real estate assets, including commercial and residential real estate without a perceived economic or social benefit under the Union's energy, regional and cohesion policies					x	

The scope of the investment universe of ELTIFs and eligible assets as currently set out in the ELTIF Regulation be further expanded to other areas and asset classes					X	
The scope of the investment universe of ELTIFs and eligible assets as currently set out in the ELTIF Regulation be more restricted or limited to a narrower set of assets /investments					X	
Other types of assets and investment targets, and /or other regulatory approaches should be pursued			X			

**Question 6.1 Please explain your position on your responses to question 6, including the benefits and disadvantages as well as potential costs thereof, where possible.**

**In particular, please indicate if you consider that any changes in the ELTIF regime are necessary, and if so which ones, and why? Should you be of the opinion that investments in certain eligible assets be strongly encouraged, please provide further details on the possible definitions and scope of such different assets (e.g. references to existing or new legal definitions, examples, etc.):**

*In regard to the question whether any real estate assets, including commercial and residential real estate without a perceived economic or social benefit should be eligible under the revised ELTIF framework, we note that while meeting this requirement can be extremely uncertain, investments in real estate, as real assets, contribute to the development and maintenance of the built environment in Europe, providing space where people live, work, shop and pursue other activities while employing large numbers of people and contributing significantly to the real economy. At the same time, it can generate stable returns to investors over the long term. (see INREV-EPRA Real Estate in the Real Economy 2020 at <https://www.inrev.org/library/real-estate-real-economy> )*

*In addition, many real estate assets can also be considered social infrastructure. While housing and hospitals were specifically referenced in the introduction to the ELTIF consultation, there are many other examples such as medical offices, rehabilitation centres, student accommodations, offices where IT start-ups or other innovative businesses can incubate, data centres, hotels and hospitality accommodations, which support the creation or maintenance of vibrant communities and thriving economies and regenerate the urban landscape.*

*As we have already noted in our response to Questions 1.1 and 5.1, we believe that the requirement that ELTIFs contribute to achieving an economic or social goal under the Union's energy, regional and cohesion policies should be deemed satisfied by those funds complying with all the requirements of the Sustainable Finance Disclosure Regulation or being classified as sustainable under the EU taxonomy for sustainable activities. It would be much more certain how an ELTIF could fulfil this requirement, while ELTIFs would further EU sustainable finance goals and the Green Deal.*

**Question 7. Should some of the definitions related to the investment universe of ELTIFs and eligible assets used in the ELTIF Regulation, such as “long- term”, “capital”, “social benefit”, “debt”, “sustainable”, “energy, regional and cohesion policies” and “speculative investments” be revised to enhance the clarity and certainty around the application of the ELTIF regime?**

**If so, how should those definitions be amended and why?**

*As we have noted above, particularly in our response to Question 6.1, the definition of ‘social benefit’ should be clarified based on a much broader perspective.*

**Question 8. Is the ELTIF framework appropriate in respect of the provisions related to investments in third countries?**

- *Don’t know / no opinion / not relevant*

**Question 9. Which provisions and requirements related to the eligibility of investments and investment assets set out in the ELTIF Regulation should be updated to improve the functioning of the ELTIF framework? Please rate as follows:**

	1 (no policy action needed)	2 (policy action could be considered)	3 (policy action desirable)	4 (policy action needed)	5 (policy action very strongly needed)	Don't know - No opinion - Not applicable
A size requirement of at least EUR 10 000 000 for eligible real assets investments						x
A condition for an exposure to real estate through a direct holding or indirect holding through qualifying portfolio undertakings of individual real assets						x
Limitation on eligible investment assets to units or shares of ELTIFs, EuVECAs and EuSEFs, as opposed to other potential fund categories						x
Inability to invest in a “financial undertaking						x
EUR 500 000 000 market capitalisation threshold set out in the ELTIF						x
Regulation for investing in listed issuers						x



Rules related to investments in third- country undertakings							X
Other conditions and requirements related to eligible investment assets and qualifying portfolio undertakings							X

**Please specify what are the other conditions and requirements related to eligible investment assets and qualifying portfolio undertakings you refer to in question 9:**

*INREV does not have any opinion on this issue.*

**Question 9.1 Please provide your assessment of the adequacy and effectiveness of the ELTIF framework with respect to the execution of fund-of- fund investment strategies, real assets investment strategies and any restrictions on investments in other funds throughout the ELTIF's life.**

**Please explain and provide your suggestions which specific provisions of the ELTIF Regulation may benefit from improvements, and why:**

*INREV does not have any opinion on this issue.*

## 4. Types of investors and effective investor protection

**Question 10. Please describe key barriers to the development of the ELTIF market, whether regulatory or of another nature, if any, to institutional investments that you consider reduce the attractiveness of the ELTIFs for institutional investors?**

**Please explain:**

*Given their size and sophistication, institutional investors are generally able to tailor investment funds and other investment vehicles to meet their specific needs and preferences. Fund managers developing and managing these vehicles in Europe are highly professional and well-regulated, primarily under AIFMD, and the investments, at least in real estate, are almost always long term. As a result, ELTIFs have not been particularly attractive to institutional investors, especially given some of the regulatory requirements attached to ELTIFs that are not appropriate for institutional investment funds.*

*As we have already mentioned, a significant barrier to use of ELTIFs has been the lack of clarity around how the requirement that investments contribute to achieving an economic or social benefit under the Union's energy, regional and cohesion policies, would be considered fulfilled by real estate investments. We believe that if the requirement that ELTIFs support a social goal of the EU were satisfied by those funds complying with the requirements of the Sustainable Finance Disclosure Regulation or being classified as sustainable under the EU taxonomy for sustainable activities, it would be much more certain how a fund could fulfil this requirement and would therefore eliminate a barrier to institutional investment in ELTIFs.*

*In addition, the EU passport makes ELTIFs interesting for fund managers that are not able or willing to obtain an AIFMF passport, for example sub-threshold EU AIFMs for which the cost and administrative burden of AIFMD are prohibitive. These managers can and do raise capital from institutional investors and the passport rights of ELTIFs may make them attractive to these managers.*

**Question 11. Should any of the following provisions of the ELTIF legal framework be amended, and if so how, to improve the participation and access of retail investors to ELTIFs?**

**Please explain which of the following provisions should be amended and give specific examples where possible and explain the benefits and disadvantages of your suggested approach, as well as potential effects and costs of the proposed changes.**

- *Amendment of the size of the initial minimum amount for retail investors, and net worth requirements*

*Don't know / no opinion / not relevant*

- *Amendment of the specific requirements concerning the distribution of ELTIFs to retail investors (suitability test)*

*Don't know / no opinion / not relevant*

- *Withdrawal period of two weeks*

*Don't know / no opinion / not relevant*

- d) Possibility to allow more frequent redemptions for retail investors

*Don't know / no opinion / not relevant*

- e) Procedures and arrangements to deal with retail investors complaints

*Don't know / no opinion / not relevant*

- f) Provisions related to the marketing of ELTIFs

*Don't know / no opinion / not relevant*

- g) Other provisions and requirements related to retail investors

*Don't know / no opinion / not relevant*

**Question 12. Which safeguards, if any, should be introduced to or removed from the ELTIF framework to ensure appropriate suitability assessment and effective investor protection, while considering the specific risk and liquidity profile of ELTIFs, including sustainability risks, investment time horizon and risk-adjusted performance?**

**Please give examples where possible and present the benefits and disadvantages of your suggested approach, as well as potential costs of the change:**

*INREV does not express an opinion on this issue.*

## 5. Conflict of interests

**Question 13. Are mandatory disclosures under the ELTIF framework sufficient for investors to make informed investment decisions?**

- *Don't know / no opinion / not relevant*

**Question 14. Which elements of mandatory disclosure requirements, if any, should be tailored to the specific type of investor?**

**Please explain your position, including benefits and disadvantages of the potential changes as well as costs:**

*INREV does not express an opinion on this issue.*

**Question 15. Are the ELTIF rules on conflicts of interest appropriate and proportionate?**

- *Don't know / no opinion / not relevant*

## 6. Borrowing of cash and leverage

**Question 16. Which of the following policy choices related to the leverage of the ELTIF funds do you find most appropriate?**

- *Don't know / no opinion / not relevant*

**Question 17. What should be the optimal maximum allowed net leverage allowed for ELTIF funds?**

Please explain:

*Leverage adds risk but can also be a tool that adds value in many situations. The leverage rules in AIFMD are generally appropriate and the rules on leverage in ELTIFs should be aligned with them unless specific reasons exist to deviate.*

**Question 18. How should regulation of leverage for ELTIFs marketed to retail investors be different from that of the ELTIFs marketed solely to professional investors?**

**Which safeguards are particularly relevant and appropriate, and why?**

*While we do not express an opinion regarding rules for leverage in ELTIFs marketed to retail investors per se, as mentioned above, we believe that the rules in AIFMD, although more applicable to managers than funds, are generally appropriate and the rules on leverage in ELTIFs should be aligned with them unless specific reasons exist to deviate. Aligning ELTIF leverage rules with AIFMD would create consistency that could be helpful.*

**Question 19. Do the requirements related to the “contracting in the same currency” as the assets to be acquired with borrowed cash, maturity-related rules and other limits on the borrowing of cash constitute significant limitations to the operations and leverage strategy of ELTIFs?**

**Question 20. Please explain which regulatory safeguards, if any, you deem appropriate to ensure the effective management of liquidity, subscriptions and the financing of assets in the investment portfolio.**

**In addition, please explain if you consider it appropriate to provide for any alternative regulatory approach for the borrowing of cash rules specifically during the ramp-up period in the ELTIFs’ life:**

*While we do not express an opinion regarding additional regulatory safeguards in ELTIFs ensure the effective management of liquidity, subscriptions and the financing of assets in the investment portfolio, we believe that the product level regulations in place in Member States with strong and workable investment fund regimes such as Luxembourg or the Netherlands could serve as a good model for such safeguards for ELTIFs.*

## **7. Rules on portfolio composition and diversification**

**Question 21. Which of the following policy choices pertaining to the ELTIF rules on diversification do you consider most appropriate?**

- *Requiring greater diversification*
- *Requiring less diversification*
- *Fewer regulatory requirements and more flexibility by ELTIF managers with respect to portfolio composition and diversification*
- *Maintaining the current rules pertaining to the portfolio composition and diversification set out in the ELTIF regime intact*
- *Other*

**Question 21.1 Please explain your response to question 21 with the description of the advantages and drawbacks of your preferred policy approach.**

**In particular, should you consider that the diversification and portfolio composition related rules under the ELTIF Regulation need to be amended, please explain, to what extent and why?**

*As noted in our response to Question 1.1 and elsewhere, given their size and sophistication, institutional investors are generally able to tailor investment funds and other investment vehicles to meet their specific needs and preferences. Fund managers developing and managing these vehicles in Europe are highly professional and well-regulated, primarily under AIFMD. As a result, ELTIFs have not been particularly attractive to institutional investors, especially given some of the regulatory requirements attached to ELTIFs that are not appropriate for institutional investment funds.*

*A good example and a significant barrier to use of ELTIFs by institutional investors are the rules for portfolio diversification and composition, although we acknowledge that these rules may be appropriate for the protection of retail investors.*

**Question 22. Do you consider the minimum threshold of 70% of eligible assets laid down in Article 13(1) of the ELTIF Regulation to be appropriate?**

- Yes
- No
- *Other*
- Don't know/no opinion/ not relevant

**Please specify what you mean by other in your response to question 22:**

As noted above in response to Question 21 and elsewhere, institutional investors are generally able to tailor investment funds and other vehicles to meet their specific needs and preferences. These funds and other vehicles are generally not subject to restrictions related to portfolio composition or diversification and therefore these restrictions in ELTIF make them relatively less attractive for institutional investors. However, we do not express an opinion regarding whether additional regulatory safeguards in ELTIFs, including the minimum threshold of 70% of eligible assets laid down in Article 13(1) of the ELTIF Regulation may be appropriate for retail investors.

## **8. Redemption rules and life of ELTIFS**

**Question 23. Please provide a critical assessment of the impacts of the ELTIF Regulation rules on redemption policy and the life-cycle of ELTIFs, including the appropriateness of the ELTIF Regulation for the structuring of the ELTIF funds, taking into account the legitimate interests of the investors and achieving the stated investment objective of ELTIFs:**

**Question 24. If longer-term investments were to be limited only to those with certain maturities, what threshold might be considered appropriate?**

- *Don't know / no opinion / not relevant*

**Question 25. If shorter-term investments were allowed to be included into the portfolio, what proportion of the portfolio should be permitted?**

- *Don't know / no opinion / not relevant*

**Question 26. Do you consider that "mid-term" redemption should be allowed?**

- *Don't know / no opinion / not relevant*

**Question 26.1** Please explain your position on your responses to question 26 and provide for advantages and disadvantages of your policy choice from the perspective of ELTIF managers, ELTIF liquidity and risk profile, returns of investors, and other regulatory aspects:

**Question 27.** Do you consider it appropriate to allow for regular redemptions or an “evergreen” vehicle approach (no maturity)?

- Yes

Please specify what you mean by other in your response to question 27:

**Question 27.1** How frequent should ELTIF redemptions be, and if so, which additional safeguards would you consider necessary to cater for the illiquidity, redemptions and other fund cycle related aspects of the ELTIF framework?

*Regular redemptions are a typical feature of large open-end core real estate funds, usually combined with liquidity risk management tools such as redemption queues. There are many workable approaches to open end fund redemptions used in Europe, however their safeguards should be seen as a package rather than in isolation. INREV has conducted several studies on this issue for real estate funds, including, for example “Pillars to Ensure Open End Fund Liquidity” (<https://www.inrev.org/library/pillars-ensure-open-end-fund-liquidity>).*

**Question 28.** Is it appropriate to provide for any alternative regulatory approach with respect to the redemption rules or portfolio composition, diversification rules, etc. for ELTIFs during the ramp-up period in the ELTIFs’ life-cycle?

- Yes

Please specify what you mean by other in your response to question 28:

**Question 28.1** Please explain your position and provide for advantages and disadvantages of your policy choice:

*Limits on redemptions during the fund ramp-up phase are used in some institutional real estate funds and protect investors by ensuring the stability of the fund during this period.*

## 9. Secondary market and issuance of new units or shares

**Question 29.** Are the provisions of the ELTIF Regulation pertaining to the admission to the secondary market and the publication of “periodical reports” clear and appropriate?

*INREV does not express an opinion on this issue.*

**Question 30.** Are the limitations of the ELTIF Regulation regarding the issuance of the new units or shares at a price below their net asset value without a prior offering of those units or shares at that price to existing investors clear and appropriate?

*INREV does not express an opinion on this issue.*

**Question 31. Should the provisions in the ELTIF framework related to the issuance of new units or shares be amended, and if so how?**

## **10. Marketing strategy for ELTIFs and distribution related aspects**

**Question 32. What are the key limitations stemming from the ELTIF framework that you consider reduce the attractiveness of the ELTIF fund structure or the cross-border marketing and distribution of ELTIFs across the Union?**

**Please explain:**

*As noted in earlier responses, rules for portfolio diversification and composition, liquidity requirements and the lack of clarity around the requirement that investments contribute to achieving an economic or social benefit under the Union's energy, regional and cohesion policies limit the attractiveness of ELTIFs for institutional investors in real estate funds, although we acknowledge that they may be appropriate for retail investors.*

**Question 33. Do you consider that review of the ELTIF rules related to the equal treatment of investors is warranted?**

- Yes

**Question 34. Is it necessary to clarify the ELTIF framework with regard to the application of the principle of equal treatment of investors at the level of individual share classes, and any other specific arrangements for individual investors/group of investors.**

**If possible, please provide a specific suggestion:**

*Equal treatment of similarly situated investors is important for investor confidence. We note, however, that in institutional funds, it is not unusual for cornerstone investors to receive some preference in fees or other terms in side letters that must be disclosed under AIFMD.*

## **11. Miscellaneous**

**Question 35. Is the effectiveness of the ELTIF framework impaired by national legislation or existing market practices? Please provide any examples you may have of “goldplating” or wrong application of the EU acquis.**

**Please explain:**

*INREV does not express an opinion on this issue.*

**Question 36. Are you aware of any national practices or local facility requirements for ELTIF managers or distributors of ELTIFs that require a local presence or otherwise prevent the marketing of ELTIFs on a cross-border basis?**

*INREV does not express an opinion on this issue.*

**Question 37. Which features of the current ELTIF framework, if any, should be defined in more detail and which should be left to contractual arrangements?**

*INREV does not express an opinion on this issue.*

**Question 38. Which specific provisions in the ELTIF framework could be amended, and how, in order to lower costs and reduce compliance, administrative or other burdens in a manner that would not lead to an increase in material risks from the perspective of effective supervision or investor protection?**

*INREV does not express an opinion on this issue.*

**Question 39. Please elaborate on whether and to what extent the current ELTIF regime is appropriate for the AIFMs falling under Article 3(2) of Directive 2011/61/EU to have an incentive to market ELTIFs.**

**Please explain:**

*The ability of managers that fall below the thresholds of AIFMD to market ELTIFs under a product passport throughout the EU would be a significant benefit without the cost of setting up and maintaining an authorised AIFM.*

**Question 40. Please provide examples of any national taxation regimes towards long-term investment funds that are either discriminatory or that you deem materially reduce the relative attractiveness of the ELTIF framework vis-à-vis other (national) fund vehicles, also taking into account the interaction with foreign tax systems? Please provide specific examples of such cases:**

*Although we are not aware of any national tax regimes or other measures that currently discriminate against ELTIFs or materially reduce the relative attractiveness of the ELTIF framework vis-à-vis other (national) fund vehicles, we note that for ELTIFs to be attractive, Special Purpose Vehicles (SPVs) in an ELTIF structure that are used for efficient management of assets, ringfencing liabilities or other business purposes should be tax neutral and, ideally, exempt from national transfer taxes supplementary to those applicable at the level of the assets the ELTIF may invest in, so that tax is paid only by the ultimate investor. This is especially important for avoiding double taxation, which would be a significant disincentive to invest in ELTIFs.*



**Question 41. You are kindly invited to make additional comments on this consultation if you consider that some areas have not been adequately covered. Please elaborate, more specifically, which amendments of the ELTIF framework could be beneficial in providing additional clarity and practical guidance in facilitating the pursuit of the ELTIF strategy. Please include examples and evidence on any issues, including those not explicitly covered by the questions raised in this public consultation:**

*We have no additional comments.*

**Question 42. Would you be willing to provide additional clarifications or follow-up input upon a direct request from the Commission services?**

Yes

**Question 42.1 Please specify under which conditions you would be willing to provide additional clarifications or follow-up input upon a direct request from the Commission services:**

*We are available and would welcome the opportunity to provide any additional clarification or follow-up input that the Commission would find helpful.*