

ELTIF 2.0 in Ireland – the "24-hour ELTIF"

What You Need to Know

The European Long Term Investment Fund ("ELTIF") is an EU fund product regime, designed to provide long-term stable returns by investing primarily in long-term investments, such as loans, infrastructure and private equity.

The ELTIF prize is the ability to market to all types of investors across the EU (whether institutional or retail), enabling the fund to be scaled.

Background

There is a lot of excitement about the new and improved ELTIF that applied from 10 January ("ELTIF 2.0"). Fund managers see its potential to expand their investor base and tap into retail capital (primarily wealth management and private banking clients), whereas retail investors see it as an opportunity to gain exposure to strategies historically reserved for institutional investors which can provide portfolio diversification and attractive returns with some liquidity.

Qualifying Investor Focused ELTIFs

In a welcome development, the Central Bank of Ireland ("the CBI") recently confirmed its intention to apply a 24-hour authorisation process to ELTIFs which are offered solely to Qualifying Investors (as defined in the CBI's AIF Rulebook). This follows publication of its Consultation Paper 155 on an ELTIF chapter in the AIF Rulebook ("CP155").

This fast-track process further enhances the attraction of Ireland as a jurisdiction for ELTIFs by providing managers with (i) flexibility to allow investment by wealth management and private banking clients that are Qualifying Investors and (ii) dependable speed to market.

Umbrellas with ELTIF and Non-ELTIF Sub-Funds

The CBI also confirmed its intention to permit umbrella structures to have a mix of both ELTIF and non-ELTIF sub-funds. This will allow managers the optionality to add ELTIF sub-funds to established umbrellas and benefit from existing infrastructure. In practice, a Qualifying Investor AIF ("QIAIF") umbrella will be permitted to establish ELTIFs offered to Qualifying Investors which are subject to a minimum investment of €100,000, whereas Retail Investor AIF ("RIAIF") umbrellas will be permitted to establish ELTIFs offered to all types of investors, with no minimum investment.

Retail Investor Focused ELTIFs

We expect that like the emerging trend in Luxembourg of managers establishing UCI Part II umbrella structures comprised of ELTIF and non-ELTIF sub-funds, Ireland will see managers establishing Retail Investor AIF umbrellas with both ELTIF and non-ELTIF sub-funds that allow for smaller investment amounts. This will allow managers to establish both ELTIF and non-ELTIF compliant alternative investment strategies within the one umbrella, scaling retail distribution capabilities across the platform.

ELTIFs offered to retail investors who are not Qualifying Investors and with lower minimum investments will benefit from the same CBI review service levels enjoyed by Irish UCITS funds. This is expected to be a draw to managers who are more focused on certainty of timing to market.

Timing

CP155 sets out the CBI's proposal to introduce a new standalone Chapter 6 in the CBI's AIF Rulebook. The CBI is currently finalising the new Chapter 6 and making other enhancements to its original proposal set out in CP155 to provide greater flexibility.

It is expected that the new ELTIF chapter will be published in March 2024, together with the accompanying application forms. Once published, the CBI will accept applications for the authorisation of ELTIFs in Ireland.

Further Information

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The Maples Group's Irish legal services team is independently ranked first among legal service providers in Ireland in terms of total number of funds advised (based on the most recent Monterey Insight Ireland Fund Report, as at 30 June 2022).

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