

ELTIF 2.0 – RTS Delegated Regulation Enters into Force

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. ELTIFs can be marketed to retail or institutional investors across the European Union. The new and improved ELTIF regime amending the European Long-Term Investment Fund Regulation¹ ("ELTIF 2.0") came into effect on 10 January 2024.

On 25 October 2024, the European Commission published the ELTIF 2.0 [regulatory technical standards](#) ("RTS") as a delegated regulation in the Official Journal of the European Union. The RTS entered into force on 26 October 2024. This marks the final major milestone on full implementation of ELTIF 2.0 and gives managers considering an ELTIF providing the possibility of (certain) liquidity to investors certainty on the parameters within which such entities will need to operate.

Scope of RTS

The RTS are based on the draft regulatory technical standards submitted to the European Commission by the European Securities and Markets Authority ("ESMA") following a public consultation undertaken by ESMA.

As noted in our previous [client update](#), ESMA was required under ELTIF 2.0 to develop regulatory technical standards specifying

certain topics, such as hedging, life of an ELTIF, minimum holding period, redemption and liquidity management tools or use of matching mechanisms.

Redemptions

One key area of focus for managers is on what basis the RTS places parameters around redemptions.

Notice Period for Redemptions and Calibration of Redemptions

The RTS do not impose a minimum notice period for redemptions. The ELTIF manager is, however, required to calibrate the maximum size of redemptions based on one of two available options, set out in *Annex I* or *Annex II* of the RTS (included in the Appendix to this update). This calibration is undertaken by reference to (i) the sum of UCITS-eligible assets at the redemption date and (ii) the expected cash flow, forecasted on a prudent basis over 12 months (excluding new subscriptions).

Under *Annex I*, the maximum size of redemptions is based on the redemption frequency and notice period. In this case, the longer the redemption notice period, the greater the percentage of UCITS-eligible assets that can be used to meet redemptions. *Annex I* also provides further optionality on the aggregation of redemptions on either a one-month or two-month basis.

¹ EUR-Lex - 02015R0760-20240110 - EN - EUR-Lex (europa.eu)

Under *Annex II*, the maximum size of redemptions is based on the redemption frequency and the minimum percentage of UCITS-eligible assets. Under this option, depending on the redemption frequency, a certain minimum percentage of UCITS-eligible assets must be maintained and out of this percentage a maximum percentage of UCITS-eligible assets can be used to meet redemptions. The longer the time between two redemption dates (redemption frequency), the greater the percentage of UCITS-eligible assets that can be used.

Minimum UCITS-Eligible Assets

The *Annex I* model does not mandate the maintenance of UCITS-eligible assets at all times. This allows ELTIF managers flexibility to maintain lower levels of UCITS-eligible assets outside the relevant redemption days.

Alternatively, the *Annex II* model requires ELTIF managers to maintain a minimum percentage of UCITS-eligible assets outside the redemption days. Where such assets fall below the relevant threshold, the ELTIF manager is required (within an appropriate period of time) to reconstitute the minimum percentage of UCITS-eligible assets, while maintaining the ability of investors to redeem their shares and taking due account of the interests of investors.

Shorter Notice Periods

Where an ELTIF proposes to operate a notice period of less than three months, the ELTIF manager is required to inform the ELTIF's competent authority of this intention and provide reasons for such shorter notice period, together with how it is consistent with the individual features of the ELTIF.

Timing and Application

The RTS was published in the Official Journal on 25 October 2024 and entered into force on 26 October 2024.

The RTS is binding in its entirety and directly applicable in all EU member states (including EEA member states).

Further Information

If you would like to: (i) receive more information on the recent developments in relation to ELTIF 2.0 and the RTS; (ii) discuss any legal, practical and / or operational challenges with the RTS; and / or (iii) obtain guidance on how to best prepare or revise your ELTIF documentation in light of the application of the RTS, please reach out to your usual Maples Group contact or any of the contacts below.

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In Luxembourg, the Maples Group provides full service legal advice through our independent law firm, Maples and Calder (Luxembourg) SARL, which is registered with the Luxembourg Bar.

Appendix

Annex I

Determination of the maximum percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 as a function of the redemption frequency and the notice period of the ELTIF, including the extension of the notice period, if any (“Notice Period”).

Option 1 – Baseline Option*

Notice Period / Redemption Frequency	No Notice Period	2 Weeks Notice	1 Month Notice	3 Months Notice	6 Months Notice	9 Months Notice	12 Months Notice
12 Months	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
6 Months	50,0%	52,2%	54,5%	66,7%	100,0%	100,0%	100,0%
3 Months	25,0%	26,1%	27,3%	33,3%	50,0%	100,0%	100,0%
2 Months	16,7%	17,4%	18,2%	22,2%	33,3%	66,7%	100,0%
1 Month	8,3%	8,7%	9,1%	11,1%	16,7%	33,3%	100,0%
Bi-Weekly	4,2%	4,3%	4,5%	5,6%	8,3%	16,7%	100,0%
Weekly	1,9%	2,0%	2,1%	2,6%	3,8%	7,7%	100,0%

* Annex I also includes two other options, which provide for aggregation on a one month basis and two month basis.

Annex II

Determination of the maximum percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 as a function of the redemption frequency and the minimum percentage of assets referred to in Article 9(1), point (b) of that Regulation.

Redemption Frequency	Minimum Percentage of Assets Referred to in Article 9(1), point (b)	Maximum Percentage Referred to in Article 18(2), first subparagraph, point (d)
12 months, and less frequent	10%	100%
6 months	15%	67%
3 months	20%	50%
1 month or more frequent	25%	20% (applied on a monthly aggregate basis)