

# Fund Financing: EU Branch Requirements

## What You Need to Know

For new lending arrangements entered into by an EU-domiciled fund after 11 July 2026 with a non-EU lender, that lender will need to have an authorised branch established in an EU Member State.

## Background

The Capital Requirements Directive VI<sup>1</sup> ("CRD VI") introduces new EU branch requirements for lenders. In this client note, we will consider the impact of these branch requirements for third country lenders and the European fund financing space.

The transposition deadline for CRD VI for Member States is 10 January 2026. For further information on the implementation of CRD VI in Ireland, please review our previous client note from January 2025<sup>2</sup>.

## The Branch Requirement

The new Article 21c, introduced by CRD VI, requires that non-EU undertakings wishing to provide "core banking services" (deposit-taking, lending, and guarantee services) in a Member State must establish a branch in that Member State. They must also obtain authorisation in accordance with EU law, unless they provide such services through a subsidiary.

Whilst CRD VI is applicable from January 2026, the specific provisions relating to third-country branches (including Article 21c) are to be applied from 11 January 2027.

## Grandfathering

Article 21c(5) provides that the requirement to establish a branch "shall be without prejudice to existing contracts that were entered into before 11 July 2026." Therefore, lending arrangements entered into before this date are grandfathered and not subject to the new branch requirement.

Member States may take measures to preserve clients' acquired rights under such contracts, but these measures are to be narrowly framed and only for the purpose of facilitating the transition to the new regime.

## Exemptions

There is an exemption for genuine instances of reverse solicitation, whereby if a client or counterparty established in the EU approaches a non-EU lender at its own exclusive initiative, the branch requirement does not apply.

However, consistent with the general approach to reverse solicitation, this exemption will likely be narrowly construed and shall not allow the non-EU lender to market other products or services beyond those originally solicited by the client.

## Conclusion

If an EU-domiciled fund seeks to enter into new lending arrangements with non-EU lenders after 11 July 2026 (the date from which grandfathering no longer applies) those lenders will need to have an authorised branch in an EU Member State to provide the loan, unless the reverse solicitation exemption applies. That

<sup>1</sup> Directive (EU) 2024/1619 of the European Parliament and of the Council of 31 May 2024 amending Directive 2013/36/EU

<sup>2</sup> <https://maples.com/knowledge/crd-vi-and-third-country-branches-irish-transposition-in-focus>

branch requirement will apply from 11 January 2027.

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