The third trilogue on the proposed European Long Term Investment Fund (ELTIF) Regulation took placed in the afternoon of Wednesday 26 November. Commissioner Hill represented the Commission and secretary of State Paola De Micheli represented the Italian presidency. The trilogue was chaired by ECON chairman Roberto Gualtieri and led by rapporteur Alain Lamassoure (EPP). Shadow rapporteurs Philippe Lamberts (Greens) Philippe De Backer (ALDE), Syed Kamall (ECR) and Jeppe Kofod (S&D) were also present. Technical trilogues took place on Wednesday 26 November in the evening and on 27 November in the morning.

The trilogue produced a political agreement based mainly on compromise text prepared by the Commission services on five key outstanding issues set out below. A consolidated text is to be ready for 5 December.

---

1. **Subject matter and objectives**. Parliament agrees to drop its proposal that a percentage of ELTIF assets must be located within the EU. Instead the role of the EIB in relation to ELTIF has been enhanced; in particular an amended article states that when the Commission considers requests for EIB funding channelled through ELTIFs these requests will be subject to a streamlined procedure. There are recitals stressing the importance of ELTIF for the European economy and there will also be enhanced transparency requirements to show the where ELTIF investment assets are located.

2. **Retail investors**. The original Commission proposal, supported by the EP, that ELTIF are available to retail investors has been kept. To achieve result the compromise provides that retail investors with assets to invest of between €100,000 and €500,000 should not invest more than 10% of those assets into ELTIFs. This results in a minimum entry ticket of €10,000 which can be spread over a number of ELTIFs. The extra category of semi-professional investors, on the other hand, has been dropped.

3. **Redemptions**. The ability for all investors to be able to take (some of) their money out early has been introduced. This was not in the original COM proposal. However, early redemptions are not mandatory, i.e. it is up to the fund manager to decide whether to offer them or not. In addition, early redemptions can only be requested after a set period and only a certain proportion of the fund - up to 30% which can be invested in shares and bonds - can be used to meet redemption requests. A new recital was also agreed which stresses that there are other ways of allowing investors access to ELTIF: they can be listed on secondary markets and therefore bought and sold, avoiding the need for the manager to put in place an early redemption mechanism; and that under certain circumstances ELTIF can be eligible as UCITS assets.

4. **Eligible assets**. To meet Parliaments and some MS' concern that ELTIF property investments could help fuel a real estate bubble, a recital has been amended to make it clear that

property is an eligible investment where it is integral to a long term company or project and that such investments should be smart, sustainable and long term. At the rapporteur's request wording has been added to make it clear that intellectual property such as patents are eligible assets. Both Parliament and Council want listed SMEs to be eligible assets, the debate resulted in an upper limit of €500 million in market capitalisation. On the other hand, no such limit will apply to investments in unlisted SMEs.

5. **Fiscal matters**. Parliament agreed to accept the existing wording on tax havens lifted from the EuVECA Regulation. There was no reference or objections made to the Commission's recital wording on fiscal issues and the internal market.

A finalised text is expected by 5 December. It will go to COREPER on 11 December. With good luck and a following wind it should be in the OJ by late April 2015.

For further details contact Tilman LUEDER, James HOPEGOOD at the European Commission