

CBI Updates for Open-ended ELTIFs

The Central Bank of Ireland (the “CBI”), the national competent authority in Ireland for the authorisation of regulated funds, has recently issued an updated application form to reflect the coming into force of regulatory technical standards (“RTS”) relating to the ability to establish open-ended European Long Term Investment Funds (“ELTIFs”). They have also updated information relating to the authorisation process for ELTIFs on their website and issued a related information update.

Background

The ELTIF framework aims to increase European long-term investments in the real economy, including infrastructure projects, real estate and listed and unlisted SMEs. Regulatory updates pertaining to the ELTIF in April 2023 – often referred to as “ELTIF 2.0” - significantly eased relevant investment restrictions for these funds and is expected to lead to a significant increase in their use in practice.

Legislative Basis

ELTIFs are established pursuant to the ELTIF Regulation (EU 2015/760), as amended by Regulation (EU 2023/606) (the “ELTIF II Regime”). These regulations set out requirements pertaining to the investment policies, the scope of eligible assets, diversification requirements and general operating conditions under the ELTIF II Regime. They have been further detailed in a series of relevant RTS. In Ireland the European Union (European long-term investment funds) Regulations 2015 (S.I. No. 554/2015) apply. The CBI’s regulatory requirements in relation to ELTIFs are set out in Chapter 6 of the AIF Rulebook.

Updates Issued

The CBI has now issued an updated ELTIF application form to provide for open-ended ELTIFs. The CBI has also clarified that applications for ELTIFs which are open-ended with limited liquidity can avail of the 24-hour authorisation process but must make a timely pre-submission prior to this which addresses the following:

- (i) the possibility of redemptions during the life of the ELTIF,
- (ii) (where relevant) the possibility of redemptions which are more frequent than quarterly, and
- (iii) (where relevant) the provision of a notice period of less than 3 months.

Once cleared, such an ELTIF can proceed to authorisation under the normal 24-hour process. Retail Investor ELTIFs should include details noted at (i)-(iii) above in their initial filing with the CBI.

How Clerkin Lynch Can Help

The asset management team at Clerkin Lynch LLP can assist in advising on the establishment of ELTIFs under the new ELTIF II regime as well as the establishment of other Irish funds. Please feel free to contact us for more information.



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