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EU Publishes Final Text of ELTIF Regime



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The EU has published its [final text](#) for the proposed revision of the European Long-Term Investment Fund ("ELTIF") regime by means of the European Long-Term Investment Funds Regulation.

The ELTIF regime was originally introduced in 2015 to create a product allowing retail access to alternative investment classes including private credit, private equity and infrastructure but has seen only a modest number of launches as a result of several restrictive features of the regime (such as prohibitions on co-investments that did not allow asset managers to include ELTIFs in their private market product lines). It is hoped that the updating of the ELTIF framework will lead to a significant increase of investment into the EU economy at a time when traditional sources of financing are becoming more challenging for businesses to access.

The agreement will significantly upgrade the ELTIF product by:

- Splitting up retail and professional ELTIFs to cater to these investor bases that have different regulatory requirements and allow institutional-only products.
- Simplifying access to ELTIFs by retail investors while maintaining strong diversification suitability and disclosure protections.
- Introducing greater flexibility regarding eligible assets for the ELTIF by expanding the universe to an increased range of corporate and real estate investments.
- Introducing a framework for master-feeder ELTIFs and fund-of-funds structures.
- Allowing ELTIFs to use prudent levels of borrowing to expand their investment potential.

- Allowing ELTIFs to co-invest with other funds and/or accounts managed by the same investment manager.
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