



FINANCIAL SERVICES

Central Bank will be ELTIF-Ready from January 2024

by **David Naughton, David Williams, Katrina Smyth, Narita Woods, Mina Dawood**

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The revised European Long Term Investment Funds (ELTIF) framework, ELTIF 2.0, will apply from **10 January 2024** and provide enhancements to the existing ELTIF framework.

This has resulted in an increased interest in the use of ELTIFs for investment purposes.

The key advantage of ELTIFs is that they enable private capital to be raised from investors for long-term investment in the real economy. A particular benefit to retail investors is the availability of a related EU-wide product passport, enabling cross-border distribution to both institutional and retail investors.

In a welcome move, the Central Bank recently outlined to the Irish Funds Industry Association (Irish Funds) the steps it is taking to ensure that Ireland closes the gap and is ELTIF-ready, in what is a tight timeframe. This will promote Ireland as an attractive location for the authorisation of ELTIFs as a regulated product.

Background

ELTIF 2.0 entered into force on 9 April 2023 pursuant to [EU Regulation 2023/606](#), and amends the existing [2015 ELTIF Regulation](#). Key enhancements aim to address perceived deficiencies of the existing ELTIF framework; for example, by expanding the scope of eligible assets and investments, amending portfolio composition and diversification requirements and borrowing restrictions, and removing an initial minimum investment threshold for retail investors.

On 23 May 2023, ESMA published a [consultation paper](#) on draft technical standards under the revised ELTIF Regulation, to which Irish Funds responded on 24 August 2023. ESMA's final report, and submission to the European Commission for endorsement, is due by 10 January 2024.

Domestic Perspective

Irish Funds, in its Key Policy Messages in August 2023, indicated that in the light of increased interest in ELTIFs, Ireland needs to have a viable ELTIF offering in 2024. This requires the Central Bank to update its AIF Rulebook (the Central Bank rulebook relating to alternative investment funds (AIFs)) to reflect specific requirements for ELTIFs as a regulated AIF product. This will in turn allow for the use of existing regulated fund structures in Ireland, such as Irish Collective Asset-Management Vehicles (ICAVs) and Investment Limited Partnerships (ILPs), in the establishment of ELTIFs.

Irish Funds made a related submission to the Central Bank, with suggested amendments to the AIF Rulebook, and has been constructively engaging with the Central Bank on its plans for the implementation and application of an ELTIF offering in Ireland.

The Central Bank subsequently indicated to Irish Funds that it is developing a standalone ELTIF chapter and intends to publish a revised AIF Rulebook as quickly as possible to allow for the authorisation of ELTIFs as a regulated product in Ireland in time for 10 January 2024.

It is proposed that this new AIF product will be distinct from the existing AIF categories of qualifying investor

alternative investment funds (QIAIFs) and retail investor alternative investors funds (RIAIFs), albeit with similar authorisation processes.

The ELTIF chapter is expected to focus on disclosures and regulatory reporting (rather than product level rules which are addressed in the ELTIF 2.0 framework) and to complement the requirements of the ELTIF 2.0 framework. Ultimately, it will facilitate the authorisation of regulated ELTIFs in Ireland, under either the existing 2015 ELTIF framework or the new ELTIF 2.0 framework.

Next Steps

The Central Bank is expected to issue a consultation paper on the required amendments to the AIF Rulebook this month, October 2023, with a relatively short consultation period expected of approximately four to six weeks.

Further Information

Please contact a member of our Financial Services team ([David Naughton](#), [David Williams](#), [Katrina Smyth](#), [Narita Woods](#) or [Mina Dawood](#)) if you require further information on ELTIFs or ELTIF 2.0.

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