

## COMMENT LETTER

August 23, 2023

# ICI Global Response to ESMA Consultation on ELTIF Regulatory Technical Standards

ICI Global welcomes the changes to the ELTIF primary legislation. Market experience has shown that the initial framework was too onerous and restrictive. Only a few ELTIFs were launched, despite investor demand for vehicles that generate exposure to long-term investments. The revisions reflected in ELTIF 2.0 should help to address these shortcomings and provide more flexibility. Among other things, they provide a greater level of flexibility, including with respect to eligible assets, portfolio composition, redemptions and distribution to retail investors. These changes are essential to making the framework more attractive, and they should help to drive innovation and the creation of new investment opportunities.

As the RTS and other secondary legislation are drafted, and as ELTIF products are brought to the market, ICI Global encourages regulators and supervisors to maintain a flexible and pragmatic approach. An unduly restrictive approach would stifle innovation and the potential long-term success of the ELTIF framework. Some options presented by ESMA in the consultation risk narrowing the ELTIF market and limiting investor choice, to the detriment of investors. ELTIFs continue to be a novel type of fund and the asset management industry requires a degree of regulatory flexibility in order to develop new products successfully and devise appropriate structures such as evergreen funds.

Read more in the [comment letter](#).