



Legal Update

ELTIFs in Ireland: Central Bank Issues CP155

The Central Bank of Ireland (the “Central Bank”) has issued a new Consultation Paper (“CP155”) regarding the proposed updating of its AIF Rulebook to include a chapter relating to ELTIFs - the European Long Term Investment Fund. Responses to this consultation paper are invited and may be made until 13th December 2023. All submissions made to this consultation process will be published by the Central Bank.

Background

Legislation providing for ELTIFs was originally adopted at the European level in 2015 by means of Regulation (EU) 2015/760. However, this has proven unpopular so a revised framework, the so called “ELTIF II”, was agreed in March 2023 and will become effective early in 2024. This revised framework broadens the scope of eligible assets and investments, allows more flexible fund rules, reduces barriers for retail investors, eases specific rules for ELTIFs distributed solely to professional investors and provides the potential for extra liquidity for ELTIF investors and newly subscribing investors through an optional liquidity window mechanism. The Central Bank’s AIF Rulebook was introduced in July 2013 to support the implementation of the Alternative Investment Fund Managers Directive (AIFMD) and reflects its rules for non-UCITS funds.

Proposed Approach

The proposal in CP 155 is to update the AIF

Rulebook by introducing a new Chapter 6 consisting of two parts: Part I will include ELTIF restrictions, supervisory requirements, prospectus requirements, general operational requirements, and requirements regarding financial reports; and Part II will set out requirements related to the marketing of ELTIFs to retail investors.

Supervisory Requirements

The proposed rules in this section will address issues including: offer periods; directors; suspensions; changes of parties; required filing returns; amalgamations; investing in VC, PE, development capital or real estate; closed-ended periods; liquidity; and changes to existing ELTIFs.

How Clerkin Lynch Can Help

The asset management team at Clerkin Lynch can advise on the establishment and structuring of ELTIFs, while the Commercial and Conveyancing teams can assist with underlying investments where appropriate. Please feel free to contact us for more information.

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