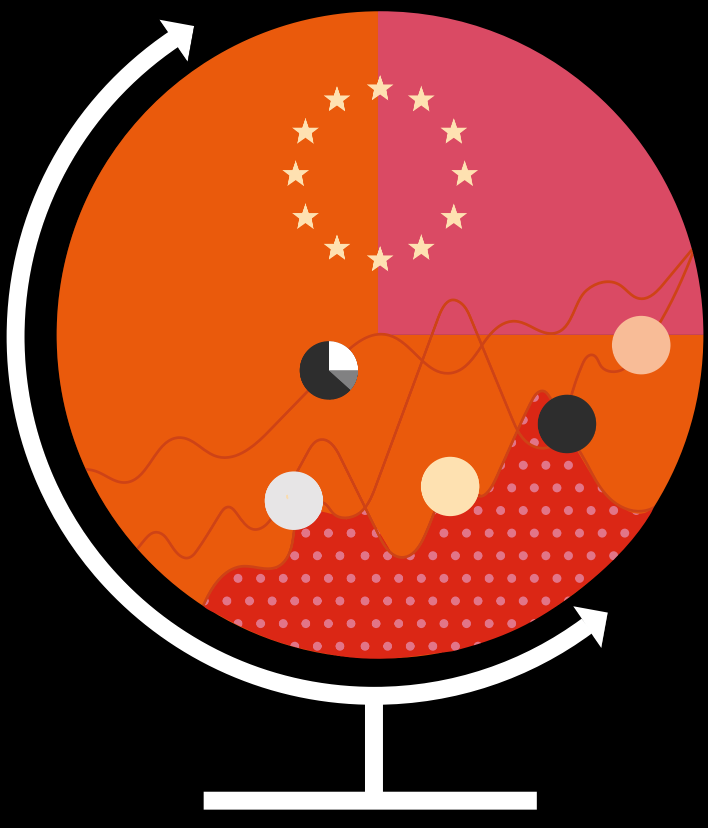
An (almost) comprehensive guide to the new ELTIF regulation



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After more than a year of discussions, and many years of preparation, the long-awaited reform of the ELTIF regulation was adopted by the European Parliament on 15 February 2023 and came into force in January 2024. While the new regulation is not fulfilling all of its promises, and some points require improvement or more clarity, it has nonetheless been considered as a welcome change since its adoption, improving the attractiveness of the ELTIF regime, with 62 ELTIFs set-up in 2024.

Created in 2015, ELTIFs (European Long-Term Investment Funds) have been a relative success so far, with only 159 ELTIFs[1] set-up to date across the European Union, representing EUR 13.6 billion of assets under management.[2] While ELTIFs can be set up in any country of the European Union, they are nonetheless located in only four countries, with the Grand Duchy of Luxembourg having the lion's share with 63% of the ELTIFs or 100 ELTIFs.[3]

An ELTIF is an EU alternative investment fund[4] (**AIF**) that is necessarily managed by an EU authorised alternative investment fund manager (**AIFM**) and which aims at facilitating the raising and channelling of capital towards long-term investments in the real economy, in line with the European Union objective of smart, sustainable and inclusive growth. With that goal in mind, the ELTIF benefits from two main advantages compared to other EU AIFs, being (i) the possibility to be marketed to retail investors across the European Union, using a marketing passport,[5] and (ii) the possibility to do loan origination across the European Union.[6]

Taking into consideration these benefits (and especially the possibility to market to retail investors), one could wonder why ELTIFs have not been more of a success. Without minimising the operational issues that can impact the launch of an ELTIF (e.g. the need to have an appropriate and well-organised distribution network when the ELTIF is marketed to retail investors) that are not due to the ELTIF regulation, the initial ELTIF regulation has been criticised for, among other things, (i) its lack of pragmatism or feasibility when it comes to eligible assets, (ii) its diversification and concentration requirements that are considered as being too stringent and (iii) the barriers it was imposing for marketing these products to retail investors. While the new regulation is not tackling all of these issues, it's an important step in making the ELTIF regime a more successful one, supporting the market pick up we have seen in relation to that framework over the last few years. By providing clarifications and removing some of the previous obstacles present in ELTIF's 2015 iteration, AIMA expects this updated framework to result in an additional EUR 100 billion in alternative assets funding over the coming 5 years.

The revised ELTIF regulation has now been supplemented by the Commission Delegated Regulation (EU) 2024/2759 and which mainly deal with the liquidity features of (semi-) open-ended ELTIFs and costs disclosures.

1. Bearing in mind that there were only 25 ELTIFs in 2020.
2. As of December 2023.
3. The other ELTIFs are located in Spain (2), France (32), Ireland (11), Lichtenstein (1) and Italy (13).
4. Or a compartment of an AIF.
5. EU AIFs that are not ELTIFs and that are managed by EU AIFMs can only benefit from the marketing passport when sold to professional investors. For other investors, they must rely on national private placement regimes which can be more or less permissive (depending on the country).
6. This unique feature will most likely disappear with the entry into force of AIFMD 2.

1

Broadening the scope of eligible assets

Eligible assets and prohibited assets or activities

As a general summary, the following assets are, subject to certain conditions, eligible for investment by ELTIF which are, on the other side, prevented from performing some activities or making some investments.

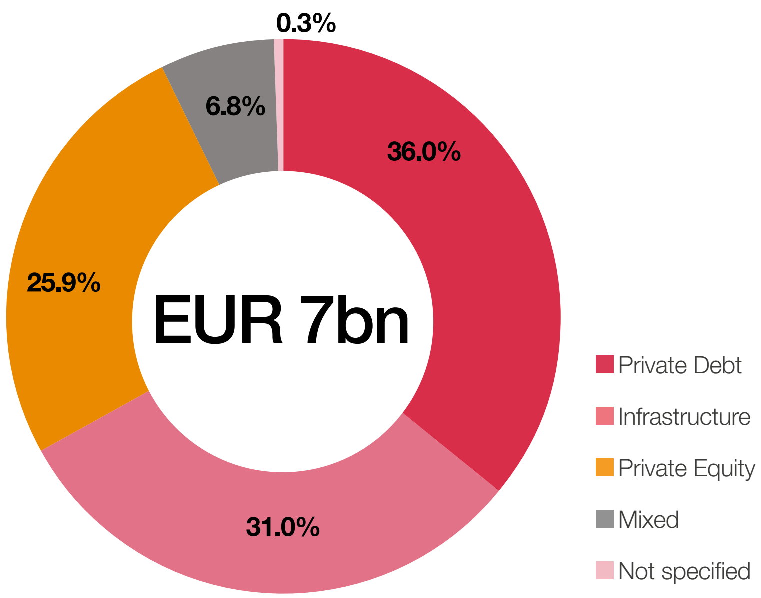
Eligible assets	
ELTIF core assets	• **Equity, quasi equity, debt instruments, green bonds issued by or loans[7] granted to a qualifying portfolio undertaking** • **Other ELTIF, EuVECA, EuSEF, UCITS and EU AIF managed by EU AIFM** • **Real Assets** • **Simple, transparent and standardised securitisations (STS)**
UCITS eligible assets[8]	Listed transferable securities and money market instruments, recently issued transferable securities, UCITS and other collective investment undertakings, deposits with credit institutions, financial derivative instruments and non-listed money market instruments.

Prohibited investments and activities
Entering into short sales of assets.
Taking direct or indirect exposure to commodities (including via financial derivative instruments; certificates, indices or generally speaking instruments that would give an exposure to them).
Entering into securities lending, securities borrowing, repurchase transactions if they represent more than 10% of the ELTIF.
Using financial derivative instruments, except for hedging purposes. Derivatives will be considered as being used solely for hedging purposes if: • The use of a derivative is (i) economically appropriate for the ELTIF[9] and (ii) consistent with the risk profile of the ELTIF; • The use of a derivative aims at a verifiable reduction of the risks.[10] The manager of the ELTIF shall take all reasonable steps to ensure that the derivatives used to hedge the risks inherent to other investments of the ELTIF reduce the risks,[11] including in stressed market conditions; • The underlyings of the derivatives are assets to which an ELTIF is exposed, or where the derivates to hedge the risks arising from the exposure to such assets are not available, the underlyings of derivatives are of the same or economically similar asset class. Complex hedging strategies where an index is used or where the derivative includes also trades in certain proxy assets might therefore be possible.

7. Provided the loans do not exceed the life of the ELTIF.
8. Subject to the conditions laid down in the UCITS Directive.
9. At ELTIF level.
10. At ELTIF level.
11. At ELTIF level.

The new regulation is bringing several constructive changes to the eligible ELTIF core assets:

With the ELTIF, under the current regulation, being split between the following strategies, it remains to be seen whether the new regulation will have an impact on this split or will lead to new strategies being implemented.



Source: Scope

Qualifying portfolio undertaking

- ELTIFs have to check, except for investment in real assets (direct investment), STS and other investment funds, that the issuer of the instrument is a qualifying portfolio undertaking. It has been specified that the eligibility check has only to be performed **at the time of the initial investment.**
- A qualifying portfolio undertaking cannot be a financial undertaking, which now **includes reinsurance undertaking.**[12]
- Financial undertakings, other than financial holding companies and mixed-activity holding companies, **that have been authorised or registered more recently than 5 years before the date of the investment are now authorised investments.** This aims mainly to cover the investments in Fintech.
- A qualifying portfolio undertaking cannot be admitted to trading on a regulated market or a multilateral trading facility unless it has a market capitalisation of no more than **EUR 1.5 billion** (EUR 500 million in the original regulation). It is worth noting that the regulation is specifying that whenever an undertaking ceases to meet the relevant listing criteria to be qualified as qualifying portfolio undertaking, it nonetheless will still be included for the purpose of calculating the 55% minimum investment requirement in ELTIF core assets for a period of 3 years from the date it ceases to meet the listing criteria.[13]

12. The notion of financial undertaking already includes credit institutions, investment firms, insurance undertakings, financial holding companies, mixed-activity holding companies, UCITS management companies and AIFM.

13. That specification, which is not new, is hard to understand in light of the fact that the criteria has to be checked at the time of the initial investment.

Third countries	• **The reference to the European nature of the long-term investment has been removed,** lifting an uncertainty on the possibility to have assets that are located outside of the European Union (EU). It has therefore been recognised that investment in third countries can benefit the economy of the EU, including through investments that promote the development of border regions, enhance commercial, financial and technological cooperation and facilitate investments in environmental and sustainable energy projects, subsea fibre optic cables that connect Europe with other continents, construction of LNG terminals and related infrastructure, cross-border investments in renewable energy installations and facilities that contribute to the resilience of the electrical grid and the energy security of the EU. • It is also recognised that a majority of the assets of the ELTIF or the main revenue or profit generation of such assets may be located in a third country. • Where the ELTIF invests in a qualifying portfolio undertaking that is located in a third country, such country should nevertheless not be included in the list of non-cooperative jurisdictions for tax purposes or be identified as a high-risk third country as per delegated acts of directive 2015/849 (the so-called 4th AML directive).[14]
Real assets	• **The definition of "real assets" has been broadened (and to some extent simplified)** to include any assets that have intrinsic value due to their substance and properties. Such real assets comprise immovable property, such as communication, environment, energy or transport infrastructure, social infrastructure (including retirement homes or hospital), infrastructure for education, health and welfare support or industrial facilities, installations, and other assets including intellectual property, vessels, equipment, machinery, aircraft or rolling stock. • Investments in commercial property, in facilities or installations for education, counselling, research, development, including infrastructure and other assets that give rise to economic or social benefit, sports, or in housing, including in senior residents or social housing, should also be deemed eligible assets due to the capacity of such assets to contribute to the objectives of smart, sustainable and inclusive growth. Investments should also comprise investments in water rights, forest rights, building rights and mineral rights. • There is **no required minimum value of a real asset an ELTIF can invest in anymore,** broadening significantly the range of target real assets.
Master-feeder	• **The possibility to have a master-feeder ELTIF has also been introduced.** While the nature of the master has been highly debated, the new regulation limits the possibility to have feeder ELTIFs to those ELTIFs that are investing at least 85% of their assets **in another ELTIF** (or a compartment of such ELTIF). It is unfortunate that it has not been accepted that a master entity is not an ELTIF. Feeder ELTIFs will mainly be used for tax reasons or to deal with cases where different funding mechanisms are offered to different types of investors (e.g. upfront payment for retail investors and commitments for institutional investors). • As part of the authorisation process of a feeder, the following documents/information will have to be submitted to the competent authorities: (a) a declaration that the feeder is a feeder of a master ELTIF, (b) the constitutive document of the master, (c) the agreement between the feeder and the master or the internal rules on conducts of business, (d) the information sharing agreement between the depositaries of the feeder and the master if the depositaries are not the same and (e) an attestation from the competent authority of the master that the master is an ELTIF when such master is not located in the same Member State than the feeder. • The feeder will have to enter into an agreement with the master pursuant to which the master shall undertake to provide all documents and information necessary for the feeder to meet the requirements of the ELTIF regulation. That agreement shall be made available to the investors upon request. If the master and the feeder have the same manager, the agreement may be replaced by internal rules on the conduct of business. • As a condition precedent for the feeder to invest into the master, whenever their depositaries are not the same, those depositaries shall enter into an information sharing agreement in order to ensure the fulfilment of their duties by the depositaries.

14. The requirement to have double tax treaties between that third country on the one side and the countries where the ELTIF manager is located and where the ELTIF is marketed that are in compliance with some provisions of the OECD Model Tax Convention has been removed certainly due to the limited number of tax treaties that were in compliance.

Target funds	• Beside other ELTIFs, EuVECA and EuSEF that were already eligible for ELTIFs, ELTIFs are now authorised to invest **in UCITS or other EU AIFs managed by EU AIFMs,**[15] provided that these AIFs are investing in eligible investments for ELTIFs, allowing ELTIFs to therefore deploy fund of funds strategies. • For the purpose of the minimum requirement of investment in ELTIF Core Assets (which is now set at 55%), it should be noted nevertheless that an ELTIF investing in other AIFs will have to perform a look-through approach, by combining the assets directly held by the ELTIF with the assets held by these AIFs that are eligible to be ELTIF core assets. • For the purpose of the ELTIF diversification requirements and the borrowing limits, such look-through approach will also have to be implemented, but this time with all the assets held and borrowing made by the target funds. This look-through approach is not required for the purpose of the compliance with the concentration requirement. • Such look-through should be done on the basis of information updated at least on a quarterly basis and if not available on a quarterly basis, then the most recent information available. • Furthermore, it should be noted that the target funds shall not invest more than 10% of their assets in any other collective investment undertakings.[16] This restriction is nonetheless not applicable in the case of feeder ELTIFs.
Co-investment	• ELTIFs are now allowed **to make minority co-investments** which will give ELTIF additional flexibility in implementing their investments strategies, attract more promoters of investment projects and increase the range of possible eligible target assets, rather than be required to invest via or in majority owned subsidiaries as was the case before.
Green bonds	• **Bonds issued under union legislation on environmentally sustainable bonds** by a qualifying portfolio undertaking are also now eligible.
Securitisation	• When it comes to investment in securitisation, the new regulation has narrowed the scope as **ELTIFs will only be allowed to invest in securitisation that falls within the scope of the simple, transparent and standardised securitisations (STS)** governed by Regulation (EU) 2017/2402, provided that the underlying assets of these STS consist in (i) residential loans that are either secured by one or more mortgages on residential immovable property or are fully guaranteed by an eligible protection provider among those referred to in Article 201(1) of Regulation (EU) No 575/2013 of the European Parliament and of the Council (3) and qualifying for the credit quality step 2 or above as set out in Part Three, Title II, Chapter 2 of that Regulation, (ii) commercial loans that are secured by one or more mortgages on commercial immovable property, including offices or other commercial premises, (iii) credit facilities, including loans and leases, provided to any type of enterprise or corporation, (iv) trade receivables provided that the proceeds from the securitisation bonds are used for financing or refinancing long term investments, (v) other underlying exposures that are considered by the originator or sponsor to constitute a distinct asset type on the basis of internal methodologies and parameters provided that the proceeds from the securitisation bonds are used for financing or refinancing long term investments.
Alignment of interests	• Finally, it will also now be clearly possible for an ELTIF manager, its affiliated entities and their staff to invest in that ELTIF and in its assets, allowing for alignment of interests mechanisms, provided that the ELTIF manager has put in place organisation and administrative arrangements to identify, prevent, manage and monitor conflicts of interest and provided that such conflicts of interest are adequately disclosed.

15. Whether registered or authorised AIFM.

16. Which is definitely an issue for investment in AIFs that were structured with out that restriction in mind.

2

Creation of 2 categories of ELTIF and bringing more flexibility in the diversification and concentration requirements

One of the **main innovations of the new regulation is to create a differentiated regime between ELTIFs that will be solely marketed to professional investors and ELTIFs that can be sold to retail investors also.** The concept being that retail investors should benefit from a higher level of protection than professional investors.

The modifications in the diversification and eligibility requirements are as follows:

Diversification requirements	Current requirement	New requirement for retail ELTIF	New requirement for professional ELTIF
Minimum investment in eligible assets	70%	**55%**	**55%**
Maximum investment in instruments issued by or loans granted to a single qualifying portfolio undertaking	10%	**20%**	**No limit**
Maximum investment in a single real asset	10%	**20%**	**No limit**
Maximum investment in a single ELTIF, EuvECAs, EuSEFs	10%	**20%**[17]	**No limit**
Maximum investment in a single UCITS or EU AIF	Not possible	**20%**	**No limit**
Maximum investment in UCITS eligible assets issued by any single body	5%	**10%**[18]	**No limit**
Aggregate value of investments in ELTIF, EuvECAs, EuSEFs, UCITS and EU AIF	20%	**No limit**	**No limit**
Aggregate value of investments in STS	Not possible	**20%**	**No limit**
Counterparty risk in the context of OTC derivatives, repo and reverse repo	5%	**10%**	**No limit**

17. Not applicable for feeder ELTIFs.

18. 25% where the bonds are issued by a Member State credit institution that is, by law, subject to special public supervision designed to protect bond holders (e.g. Société de Crédit Foncier in France).

As a reminder, for the purpose of these diversification requirements, companies that are part of the same group for the purposes of the European rules on consolidated accounts, shall be regarded as a single qualifying portfolio undertaking or body.

Furthermore, it is worth noting that these diversification requirements and the 55% minimum investment in ELTIF core assets, shall apply from the date specified in the constitutive document of the ELTIF (**ramp-up period**) which has to be determined taking account the characteristics and features of the assets the ELTIF is targeting and which cannot exceed the earlier than (i) 5 years from the date of the authorisation of the ELTIF and (ii) half of the life of the ELTIF.

The life of the ELTIF, which has to be stated in its constitutive document, has to be determined consistently with the long-term nature of the ELTIF and be compatible with the life cycles of each of the individual assets. For the purpose of that compatibility assessment, the ELTIF manager shall consider at least the following:

- The liquidity profile of each of the individual assets and of the entire portfolio on a weighted basis.
- The timing of the acquisition and the disposal of each of the individual assets, assessed against the background of the economic life-cycle of the assets, and the life of the ELTIF.
- The investment objective of the ELTIF.
- The possibility to have redemptions and the redemption policy.
- The cash management needs and expected cash-flow and liabilities of the ELTIF.
- The possibility to roll over, or terminate, the exposure of the ELTIF to the individual assets of the ELTIF.
- The availability of a reliable, sound, and up-to-date valuation of the assets in the ELTIF's portfolio.
- The portfolio composition and the life-cycle management of the ELTIF's assets throughout the life of the ELTIF.

Compliance with the diversification requirements and the 55% minimum (i) ceases to be requested when the ELTIF enters into its liquidation phase, i.e., starts to sell its assets in order to redeem the investors after the end of the life of the ELTIF and (ii) is temporarily suspended for a maximum period of 12 months whenever the ELTIF issues or redeems shares.

Concentration requirements			
	Current requirement	**New requirement for retail ELTIF**	**New requirement for professional ELTIF**
Concentration on a single ELTIF, EuvECAs or EuSEFs	25%	**30%**	**No limit**
Concentration on a single UCITS or EU AIF	N/A	**30%**	**No limit**
Concentration for other UCITS eligible assets	As per the UCITS directive rules	As per the UCITS directive rules	**No limit**

In addition to relaxing the diversification and concentration requirements, the borrowing limit[19] has been increased to 50% of the net asset value for retail ELTIFs and 100% of the net asset value for professional ELTIFs. This limit is now applicable as from the date specified in the constitutive documents of the ELTIF, such date can be no later than three years after the date the marketing of the ELTIF started.[20] Finally, the limit will cease to be applicable on a temporary basis whenever the ELTIF issues or redeems shares. Such limitation shall be only applicable for the period of time necessary, taking into account the interests of the investors and cannot last more than 12 months.

It is now also possible for ELTIFs to borrow, not only for investment purposes (and there is no more restriction as to the kind of investments that can be financed via borrowing, i.e., loans are not excluded anymore), but also for the purpose of providing liquidity and to pay costs and expenses.

Borrowing can be done in any currencies, providing that when borrowing is done in another currency as opposed to the currency of the assets, such currency risk exposure must be appropriately hedged. It has eventually been provided that the encumbrance of assets can be done in that context and the 30% limit has been removed.

Finally, it has been clarified that the rules related to rectification of investment positions that require the ELTIF manager to take, within an appropriate period of time, measures that are necessary to rectify the position, taking due account of the interests of the investors in case of infringement beyond the control of the manager, are not only applicable for the diversification requirements but also to the portfolio composition (i.e. 55% minimum in ELTIF core assets) and the borrowing limits, but not the concentration limits.

19. Commitment facilities, i.e. borrowing arrangements fully covered by investors' capital commitments are not considered as being borrowings for the purpose of the ELTIF regulation.

20. One might wonder why this application date is different from the one applicable to diversification rules.

3

Liquidity possibility for ELTIF

Minimum holding period

Investors now also have the ability[21] to redeem their shares after the end of a minimum holding period. In order to determine the most appropriate minimum holding period, the ELTIF manager, where requested by the competent authority of the ELTIF, will have to justify to the competent authority of the ELTIF,[22] based at least on the below criteria, the appropriateness of the duration of the minimum holding period, and its compatibility with the valuation procedures and the redemption policy of the ELTIF:

Criteria related to the investment strategy of the ELTIF
• The long-term nature and investment strategy of the ELTIF;
• The investment policy and the extent to which the ELTIF takes part in the investment policy and governance of the underlying assets;
• The extent to which the ELTIF lends or borrows cash, grants loans, or enters into securities lending, securities borrowing, repurchase transactions or any other agreement which has an equivalent economic effect and poses similar risks;[23]
• The duration and the characteristics of the life-cycle of the ELTIF and its redemption policy;
• The timeframe for the investment phase of the investment strategy of the ELTIF;
• Whether that minimum holding period covers at least the initial investment phase of the ELTIF and, unless duly justified by the manager of the ELTIF, whether the minimum holding period lasts at least until the ELTIF's aggregate capital contributions have been invested.
Criteria related to the portfolio composition
• The underlying asset classes of the ELTIF, their liquidity profile, and their position in their life-cycle;
• The portfolio composition and diversification of the ELTIF;
• The average and mean length of life, where applicable, of the assets of the portfolio of the ELTIF;
• The liquidity profile of the ELTIF.
Criteria related to the investors
• The investor base and, (i) where the ELTIF is marketed to retail investors, the expected aggregate concentration of retail investors and, (ii) the information on the degree of concentration of the ownership of the professional investors in the ELTIF, where available.
Criteria related to the valuation of the assets
• The procedures for the valuation of the assets, and the time required to produce a reliable, sound, and up-to-date (based on the most recent data) valuation.

21. The ELTIF regulation was, and still is, allowing to offer the possibility for investors to redeem after the end of the ramp-up perio.

22. It is worth noting that ESMA abandoned the idea of having a prescriptive approach imposing a predetermined minimum holding period of 3 years and has rather chosen a principle-based approach.

23. Such transactions (including securities lending, securities borrowing and repurchase transactions) are in any case limited to 10% of the affected assets of the ELTIF.

Determination of the redemption policy

After the end of the minimum holding period, redemptions are nonetheless limited to a percentage of the assets of the ELTIF that are invested in UCITS eligible assets[24] and can only be done in accordance with the redemption policy established by the ELTIF manager.

When determining the redemption policy, the ELTIF manager shall take into account all the following features of the ELTIF:

- The composition of the portfolio including the UCITS eligible assets
- The life of the ELTIF
- The liquidity profile
- The methods and documented process for the valuation of the assets
- The market conditions and material events that may impact the possibility of the manager of the ELTF to implement the redemption policy
- The minimum holding period and criteria used to determine that period
- The available liquidity management tools, their calibration and conditions for activation
- The maximum percentage of assets of the ELTIF that can be used for redemptions[25]
- Liquidity stress tests[26] and their results
- How the interests of the investors will be protected.

Throughout the life of the ELTIF, the redemption policy shall be sound, well-documented and consistent with the ELTIF's investment strategy, its liquidity profile and take into account the results of the back-testing performed on its liquidity stress tests.

The maximum percentage of redemptions which can be accepted on a redemption date[27] has to be determined by the manager of the ELTIF on the basis of one of the following two methods, that the manager can choose at its discretion:

i. The redemption frequency and the notice period; or

ii. The redemption frequency and the minimum percentage of UCITS eligible assets.[28]

When determining the percentage, the ELTIF manager must take into account all the following elements:

- The liquidity profile of the ELTIF, the assets and liabilities, the risk of liquidity mismatches and the expected inflows and outflows.
- The life-cycle of the assets, the life of the ELTIF, the overall stability of the investment strategy of the ELTIF throughout its life, and the potential market events that may affect the ELTIF.
- The planned and expected frequency of redemptions of the ELTIF and the risks of dilution effects of such redemptions for investors.
- The availability and nature of existing liquidity management tools.
- The financial performance of the ELTIF, including the free cash flows and the balance sheet of the ELTIF.
- Potential market circumstances and conditions that would affect the ELTIF when the percentage is set, and the extent to which the units or shares of the ELTIF can be redeemed in such market circumstances and conditions.
- The availability of reliable information on the valuation of the assets of the ELTIF.
- The ELTIF's stability, investment strategy and portfolio composition throughout the life-cycle of the ELTIF after redemptions.
- Other relevant information, based on the circumstances of the ELTIF and its assets and investment strategy, that are necessary to determine that percentage in stressed market conditions and normal market conditions.

24. Which is now a maximum of 45%.
25. I.e., maximum being a percentage of the UCITS eligible assets.
26. If required under AIFMD.
27. As a percentage of the UCITS eligible assets and the expected cash flows, forecasted on a prudent basis (with a high degree of certainty and not considering cash flows deriving from potential new subscriptions) over 12 months.
28. If the UCITS eligible assets falls below the thresholds set out in Annex II of the Regulation, the manager, shall, within a period of time that is appropriate for the ELTIF, take the necessary measures to reconstitute the minimum percentage of the liquid assets, while maintaining the ability of investors to redeem their units or shares, taking due account of the interests of the investors in the ELTIF.

Frequency of redemptions

The principle imposed by the regulation is to have redemption at a frequency no less than quarterly unless a higher frequency can be justified to the competent authority based on the appropriateness of the redemption frequency and its compatibility with the individual features of the ELTIF.[29]

Liquidity management tools

The ELTIF manager has the possibility, at its own discretion, to implement at least one liquidity management tool, among the anti-dilution levies, swing pricing and redemption fees. When marketed to retail investors, the description of the liquidity management tools shall be written in non-technical terms that enable the retail investors to understand these tools.

While investors' possibility to request the winding-up of an ELTIF has been removed if their redemption requests have not been satisfied within one year from the date on which they were requested, it has been specified that they should always have the option to be repaid in cash. Redemptions in kind are nonetheless possible provided they are allowed by the constitutive document of the ELTIF, are accepted by the relevant investor and are concerning assets that are not subject to specific rules as to their transfer.

Communication to investors

The redemption policy must be available to the investors at all times[30] and shall contain the following elements:

- The conditions and the time window for redemption requests ;
- The frequency or periodicity at which redemptions can be granted;
- The timing limitations, if any, and the procedures and requirements applicable to the redemptions, including:
  - i. The notice period and the extension of the notice period, if any, and the description of how and within which time investors will be repaid;
  - ii. The conditions and procedures for redemptions requests;
  - iii. The role and responsibilities of the entities involved in the procedures.
- Whether and how investors can request the cancellation of their redemption requests that have not been fully executed;
- Whether the ELTIF provides for the possibility of repayments in kind out of the ELTIF's assets as referred to in the ELTIF regulation;
- Whether the ELTIF has a minimum holding period as referred to in the ELTIF regulation, and, if so, the duration of, and conditions for such minimum holding period;
- A description of the available liquidity management tools and the conditions for their activation;[31]
- The maximum percentage of assets of the ELTIF that can be used for redemptions.[32]

29. Such obligation to inform the competent authority may, upon request of the manager, not apply if the ELTIF is marketed solely to professional investors.
30. Most of this information will already be included in the prospectus of the ELTIF.
31. In layman's terms if the ELTIF is sold to retail investors – the description of the available liquidity management tools shall be written non-technical terms that enable retail investors' understanding of those tools.
32. I.e., the maximum being the portion of UCITS Eligible Assets.

Communication to the competent authority

The ELTIF manager, at the time of the authorisation and through the life of the ELTIF, will have to demonstrate to the competent authority of the ELTIF that appropriate redemption policy[33] and liquidity management tools are put in place. For that purpose, the ELTIF manager shall provide to the competent authority the following information:

- The redemption policy which shall contain and clearly indicate all of the following:
  i. Information on the periodicity and the duration of the redemptions;
  A description of the available liquidity management tools and the conditions for their activation; and
  ii. The conditions and procedures for requesting redemptions and for processing the redemption requests received.
- The entities responsible for managing the redemption process and how the redemptions will be documented;
- A description of how the assets and liabilities will be managed to meet redemption requests;
- A description of the procedures, if any, to prevent redemptions causing dilution effects for investors;
- A description of the valuation procedures as set out in the AIFMD and AIFM Level 2 Regulation;
- The results, assumptions and inputs used for liquidity stress tests, where such liquidity stress tests are to be carried out in accordance with the AIFMD, demonstrating whether and how, in severe but plausible scenarios, the ELTIF is able to deal with redemption requests;
- The liquidity offered to investors and the liquidity profiles of the investments, both under normal and stressed conditions;
- Information about the implementation of the liquidity management tools;
- The elements disclosed to the investors in relation to the redemption policy and liquidity management tools;
- The approach used by the manager of the ELTIF to determine the maximum percentage of liquidity that can be offered;
- Any other information that the competent authority of the ELTIF considers relevant to assess whether the redemption policy and the liquidity management tools meet the requirements set out in the ELTIF regulation.

Whenever there is a change in the redemption policy[34] or a material change in the conditions and procedures for requesting redemptions and for processing the redemption requests received, the ELTIF manager shall, in writing, at least one month before such change, or immediately after an unforeseeable change beyond the control of the manager of the ELTIF has occurred, notify the competent authority of the ELTIF of such change. Where the competent authority does not react within 20 calendar days, it shall be deemed to have agreed to such change.

Furthermore, and in order to allow the competent authority of the ELTIF to monitor the liquidity of that ELTIF, the ELTIF manager shall, **upon request**, provide:

- Up-to-date and detailed information on whether the liquidity management tools of the ELTIF have been activated and used to manage redemption requests, and if so, in which circumstances and how;
- Up-to-date results of the liquidity stress tests;[35]
- Up-to-date information referred to above in case of material changes to that information.

33. Which shall indicate clearly the procedures and conditions for redemptions, and which shall ensure that investors asking for redemption of their shares are treated fairly and on a pro-rata basis if the redemption requests exceed the percentage of assets invested in UCITS eligible assets.
34. Related to the information on the periodicity and the duration of the redemptions, the description of the available liquidity management tools and the conditions of their activation and the approach used by the manager of the ELTIF to determine the maximum percentage referred to in the ELTIF Regulation.
35. Including the up-to-date assumptions and inputs used, for the liquidity stress tests performed, both under exceptional and stressed market conditions.

Liquidation phase

Finally, in the context of the liquidation phase of the ELTIF, the ELTIF shall inform its competent authority of the orderly disposal of its assets after the end of the life of the ELTIF at the latest one year before the date of the end of the life of the ELTIF and shall communicate to its competent authority, upon request, an itemised schedule for the orderly disposal of its assets which shall include:

Assessment of the market for potential buyers
Whether one or more potential buyers are present in the market and whether this item may be adversely impacted during the disposal period by overall economic conditions in the market or markets relevant to the asset;
Whether the manager of the ELTIF, based on an assessment conducted with due skill, care and diligence at the time of the completion of the itemised schedule, expects potential buyers to be dependent on external financing for buying the asset concerned and whether this item may be adversely impacted during the disposal period by overall economic conditions in the market or markets relevant to the asset;
Where there are no immediate buyers for an asset, the length of time likely to be necessary to find one or more buyers for that asset;
The specific maturity profile of the asset;
Whether the manager of the ELTIF, based on an assessment conducted with due skill, care and diligence at the time of the completion of the itemised schedule expects the following risks to materialise: • Risks associated with legislative changes that could affect the market for potential buyers; • Political risks that could affect the market for potential buyers.
Assessment and comparison of potential sales prices
A valuation of the assets to be divested
The valuation of the assets shall start before the deadline mentioned above[36] and shall be finalised within no more than six months before that deadline.
Valuations performed in accordance with the AIFMD may be taken into account where such valuations have been finalised no more than six months before the above-mentioned deadline.
A timeframe for the disposal schedule

36. I.e. one year before the date of the end of the life of the ELTIF.

Liquidity matching

The "main" innovation introduced by the new regulation relates to the possibility to have a liquidity matching mechanism, which would allow to include in the constitutive document of the ELTIF a full or partial matching of transfer requests of units or shares of the ELTIF by existing investors with transfer requests by potential investors, subject to the establishment by the ELTIF manager of rules and procedures[37] including:

- The transfer process for both existing and potential investors, including the format, process and the timing of the matching;
- The role of the ELTIF manager or the central administration in conducting the transfer and matching the requests;
- The period of time during which the existing and potential investors may request the transfer of their shares, including the frequency or periodicity of the matching window and duration of that window, the dealing dates, the requirements for the submission of purchase and exit requests, including the deadlines for submitting such requests, the settlement and pay-out periods and the details regarding the notice period (if any);
- The rules determining the execution price.[38] The ELTIF manager may determine the execution price by using the net asset value or other price determination methods, provided that the fair treatment of all investors[39] is ensured, especially when redemptions are possible. When the net asset value is used, matching shall be aligned with the valuation dates of the ELTIF.[40] When the execution price is not based on the net asset value, matching shall be implemented outside of the valuation dates;
- The rules determining the pro-ration conditions,[41] which shall include cases (i) in the absence of possible matching, where the sale or purchasing orders are cancelled or carried over and, (ii) in case of partial matching, where sales or purchasing orders are going to be satisfied. In that case, unless duly justified by the ELTIF manager, the pro-rata shall be based on the size of each exit order and take into account available assets of the ELTIF and the features of the ELTIF;
- The timing and nature of disclosure of information with respect to the transfer process;
- The fees, costs and charge,[42] if any, related to the transfer process.

Such policy and procedures shall ensure that investors are treated fairly and that matching is carried out on a pro-rata basis where there is a mismatch between existing and potential investors. The rules and procedures shall aim at preventing, managing and monitoring conflicts of interest and shall include any safeguards to avoid any potential arbitrage against investors' interest due to the asymmetry of information inherent to the matching of transfer requests. Furthermore, the matching of requests should allow the ELTIF manager to monitor the liquidity risk of the ELTIF and the matching should be compatible with the long-term investment strategy of the ELTIF.

Finally, the ELTIF documentation shall clearly set out the differences between the redemption mechanisms and the matching mechanisms.

Most of the information contained in the rules and procedures described above shall be disclosed to the investors either in the ELTIF prospectus or on a website.[43]

In light of all these constraints, one could wonder if a listing of the shares of the ELTIF on a regulated market or on a multilateral trading facility would not be a more efficient option.

37. Which shall be sound, appropriate for the ELTIF and calibrated.
38. Which shall be set out in the ELTIF documentation.
39. Including exiting and remaining investors of the ELTIF.
40. Such alignment is not required when the net asset value is not used for the execution price.
41. Which shall be set out in the ELTIF documentation.
42. Which shall be set out in the ELTIF documentation.
43. And in such case, the prospectus shall include a direct link to that website.

A listing or how to make ELTIFs more liquid

As discussed above, one of the main drawbacks to the potential success of ELTIF is the limited level of liquidity since they might be considered, in principle, as closed-ended from a fund's regulatory perspective. This is especially true when looking at their targeted market i.e., mainly retail investors. Although the new regulation introduces innovative mechanisms to enhance their level of liquidity, these appear to be insufficient to fully overcome one of the main barriers to the ELTIF success.

When seeking liquidity, one option naturally comes to mind which surprisingly appears to be often overlooked when dealing with ELTIF. Listing shares or units of an ELTIF would by essence increase the visibility and liquidity of an ELTIF all while at the same time improving its attractiveness vis-à-vis retail investors.

Contemplating a listing will, however, need to be addressed at an early stage of the ELTIF structuring, as the latter will have a direct impact on the applicable regulatory framework and underlying costs. The ELTIF qualification (i.e., open-ended versus closed-ended) will drive the overall listing process given that the rules relating to the drawing up of the listing prospectus and the applicable ongoing disclosure and reporting obligations that kick in once the ELTIF is listed, differ.

Indeed, as a rule, units issued by collective investment undertakings, other than the closed-ended type, are excluded from the scope of both Regulation (EU) 2017/1129 of the European Parliament and the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market (the **Prospectus Regulation**) and Directive 2004/109/ EC of the European parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market (the **Transparency Directive**).[44]

Even if similar, the closed-ended qualification for purposes of the Prospectus Regulation slightly varies from the one used in the context of the regulatory framework applicable to funds. The Luxembourg financial sector supervisory authority, Commission de Surveillance du Secteur Financier (the **CSSF**), had in the past considered the specifics of what needs to be understood as a closed-ended fund in the context of the former prospectus regime, which remains true today under the current Prospectus Regulation regime. For the purposes of the Prospectus Regulation a collective investment undertaking is of a closed-ended type if and when the investor has no redemption right prior to the term of the fund. However, when a collective investment undertaking decides, in the course of its lifetime, to "open" the fund and to allow the repurchase of the securities, the collective investment undertaking would in principle be reconsidered as an open-ended fund.

As a result, notwithstanding its closed-ended nature, an ELTIF will ultimately qualify as an open-ended collective investment undertaking within the meaning of the Prospectus Regulation if and when investors, not willing to lock their capital, benefit from an exit solution through the redemption of their shares during the lifetime of the ELTIF (even if after certain restricted pre-determined holding periods). Similarly, when the ELTIF is closed-ended but one of its sub-funds offers such redemption rights, the overall ELTIF should be seen as open-ended. The European Commission further stressed in its Commission Delegated Regulation 694/2014 that the redemption policy is the relevant criterion to distinguish between open-ended and closed-ended funds.

It should finally be noted that the same approach should be taken as far as the Transparency Directive is concerned.

As final assessment is ultimately left at the discretion of the CSSF or the Luxembourg Stock Exchange (the **LuxSE**), as the case may be (as further discussed below), it is always recommended to have a preliminary discussion with the CSSF or the LuxSE.

44. As implemented in Luxembourg by the law of 11 January 2008 on transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market, as amended (the Transparency Law).

The Luxembourg Stock Exchange as the preferred listing choice for ELTIF

The LuxSE operates two markets: (i) the so-called Bourse de Luxembourg, which qualifies as a regulated market within the meaning of MiFID II and falls within the EU harmonised regime, and (ii) the Euro MTF, an exchange regulated market, hence offering multiple listing options that could suit the needs for the listing of an ELTIF.

While on the one hand a listing on the Bourse de Luxembourg requires as a rule the drawing up of a Prospectus Regulation compliant prospectus approved by the CSSF (or another EU competent authority prior to being passported into Luxembourg), a listing on the Euro MTF on the other hand requires the drawing up of a prospectus in accordance with the LuxSE's Rules and Regulations (the Rules) and an approval by the LuxSE. This is where the discussion as to the nature of the ELTIF kicks in given that the applicable listing regime and related reporting obligations ultimately differ depending on whether one is dealing with a closed-ended fund as opposed to an open-ended fund (within the meaning of the Prospectus Regulation) with direct impact on costs and timing. Close consideration should consequently be given to the ELTIF constitutive documentation.

The benefit of an open-ended fund as opposed to a closed-ended one is that it remains out of the scope of the Prospectus Regulation and a listing on the Bourse de Luxembourg can, as a result, be done on the basis of the prospectus drawn up in compliance with the funds regulatory requirement without the need to prepare a separate listing prospectus. Similarly, when seeking a listing of an open-ended ELTIF on the Euro MTF, the prospectus drawn up for purposes of the applicable fund's regulation is sufficient. It should also be stressed that the rules typically applicable for an admission to the listing of shares or units on the "Official List" of the LuxSE such as the free float and free transferability requirements do not apply in the case of an open-ended ELTIF.

Last but not least, once listed, an ELTIF needs to abide by certain ongoing disclosure and reporting rules set out notably in the Transparency Directive (as implemented in Luxembourg by the Transparency Law) and the rules. Open-ended collective investment undertakings do not fall within the scope of the Transparency Directive hence benefitting from a less stringent ongoing disclosure and reporting regime.

Through its multiple listing options,[45] the LuxSE offers an attractive environment for collective investment undertakings especially with respect to ELTIFs. A listing on one of the markets operated by the LuxSE can offer the liquidity an ELTIF may need, granting greater attractiveness and visibility for these types of investments. However, contemplating a listing needs to be properly addressed in the constitutive documents of the ELTIF and its structuring in order to benefit from the best combination possible in terms of efficiency (notably in terms of costs and timing), attractiveness and regulatory constraints.

While having an actual liquidity for an ELTIF might remain a challenge, it is worth keeping in mind that ELTIFs always have the possibility to proceed, in accordance with the distribution policy provided for in their constitutive document, with distributions of the proceeds generated by their assets and which shall comprise of (i) proceeds that the assets are regularly producing and/or (ii) capital appreciation realised after the disposal of an asset. No distributions are however possible if the proceeds are required for future commitments of the ELTIF.

45. It is also worth mentioning that LuxSE has adopted the role of green pioneer by launching the "Luxembourg Green Exchange" (LGX) perfectly suited to green, social, sustainable (or sustainability-linked) securities. The LGX is the ideal platform to list ELTIFs that would qualify as sustainable funds classified as Article 8 or Article 9 funds under Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial sector.

4

Transparency requirements

The new regulation is not fundamentally changing the transparency requirements applicable to ELTIFs.

With the possibility of having feeder ELTIFs, this category of ELTIF will nonetheless be subject to additional disclosure requirements and will have to disclose:

- A declaration that the feeder ELTIF is a feeder of a particular master ELTIF, and that it will permanently invest 85% or more of its assets in the master ELTIF;
- Whether the performance of the feeder and the master ELTIF are identical and, if not, the extent and the reasons for which they differ;
- A brief description of the master ELTIF, its organisation, investment objective and policy, including its risk profile and how the prospectus of the master can be obtained;
- A summary of the agreement between the feeder ELTIF and the master ELTIF, or the internal rules on conduct of business of the ELTIF manager;
- How the investors may obtain further information on the master ELTIF and have access to the agreement between the feeder and the master;
- A description of all remuneration or reimbursement of costs payable by the feeder in relation to its investment in the master, as well as the aggregate charges of the feeder and the master. These aggregate charges must also be disclosed in the annual report of the ELTIF.

ELTIFs are also subject to specific cost disclosure requirements which shall include:

Costs of setting up the ELTIF.
These costs shall comprise all administrative, regulatory, depositary, custodial, professional service, audit costs and other costs related to the setting up of the ELTIF, irrespective of whether those costs are paid to the ELTIF manager or to a third party;

Costs related to the acquisition of the assets.
These costs shall comprise all administrative, regulatory, depositary, custodial, professional service, audit costs and other costs related to the acquisition of the assets of the ELTIF, irrespective of whether those costs are paid to the manager of the ELTIF or to a third party;

Management and performance related fees.
Those costs shall comprise all payments) to the ELTIF manager and its delegates, except when such payments correspond to costs related to the acquisition of assets;

Distribution costs.
Those costs shall comprise all administrative, regulatory, professional service and audit costs related to distribution;

Other costs. Such costs[46] shall comprise all (i) payments to the depositary, custodians, investment adviser, providers of valuation, fund accounting services and fund administration, providers of property management and of similar services, other providers triggering transaction costs, prime brokers, collateral managers, securities lending agents and legal and professional advisers, (ii) provisioned fees for specific treatment of gains and losses, (iii) operating costs under fee-sharing arrangement with a third party, and the delegates of all these entities, and (iv) audit, registration and regulatory fees. These costs shall be expressed as a percentage of the net asset value of the ELTIF over a one-year period;

The overall cost ratio[47] of the ELTIF which shall be the ratio of the total costs to the net asset value per annum of the ELTIF and shall be calculated as follows: (i) the overall cost ratio of the ELTIF and shall be expressed as a percentage to two decimal places, (ii) the overall cost ratio shall be based on the most recent cost calculations by the manager of the ELTIF and shall be calculated and updated on an annual basis, and (iii) assessed on an "all taxes included" basis.

46. To the extent they are not set-up costs, acquisition of assets costs, distribution costs or management and performance related fees.
47. Expressed as a percentage to two decimals.

5

Simplifying marketing to retail investors

One of the main goals of the ELTIF regulation is to attract retail investors to long-term investments. In light of the mitigated result of the current ELTIF regulation, the following changes has been brought:

- The requirement to have facilities in place in the Member States where the retail investors targeted are located for the purpose of making subscriptions, payments, repurchasing shares and making information available has been lifted;

- There is no requirement to provide investment advice in the context of the marketing of an ELTIF to retail investors but an assessment of suitability and a suitability statement under MIFID II60, is required in all cases. That assessment, which is a condition precedent to the marketing of the shares to a retail investor, has to be carried out whether the ELTIF is acquired from the ELTIF manager, a distributor or via the secondary market;

- The requirement that an investor having a financial instrument portfolio of less than EUR 500,000 shall not invest more than 10% of his financial instrument portfolio and ELTIF and that he invests no less than EUR 10,000 has been removed;

- It has been finally also clarified that the principle of equal treatment only applies at a share class level.

It is to be noted that retail-distributed ELTIF managers will be submitted to the product governance rules under MIFID II, including the identification of the target market for each ELTIF managed.

From a regulatory standpoint, there are a few missed opportunities in that new regulation, like the possibility to invest in non-EU AIFs or to have master structures that are not ELTIFs. Having evergreen structures or less restrictions as to the liquidity features of the ELTIF (although that point will mainly depend on the criteria that ESMA is adopting with respect to the definition of the minimum holding period) would also have been welcomed by the industry. But overall, most of the regulatory issues that were concerning the industry have been addressed.

That does not mean however, that ELTIFs are now free of any (non-regulatory) challenges.

6

Remaining challenges

Tax challenges

Logically, the new regulation is silent on any tax aspects, leaving ELTIF's tax framework to each of the Member States. This generally means that the tax regime with respect to an ELTIF shall replicate that which would apply to a local AIF. No more, no less!

However, we would have welcomed a form of EU harmonisation to ensure a level playing field when it comes to tax treatment, which would have avoided any potential harmful competition.

That being said, some Member States, such as Luxembourg or Belgium, have already set up some tax beneficial regimes which basically provide a tax neutrality for its ELTIFs. In Luxembourg, the legislator confirmed through law 8183 dated 14 July 2023, that ELTIFs are fully exempt from subscription tax. We welcome such national beneficial tax regimes as they will be a key element for the success of the new regulation.

From an investor's tax side, ELTIF promoters will need to anticipate and accommodate investors' requirements for tax and regulatory reporting that are common market practice in the retail world. Offering this reporting gives a competitive advantage to the product; retail (and more and more professional) investors are expecting to receive necessary information enabling them to benefit from the potential attractive tax rules in their home country.

From a portfolio tax perspective, strong monitoring of withholding taxes and capital gains tax should be carried out, especially if assets are located outside the EU as the new regulation now clearly allows.

Finally, we see the introduction of master-feeder ELTIF structures as positive to accommodate certain investors' tax preferences.

Operational challenges

Whilst it is obvious that a regulation does not touch on operational matters, it is nevertheless important to stress the importance of operations when setting up, managing, and administering a fund such as an ELTIF, especially when looking at retail investors.

Over the past few years, AIFMs have started to focus (again) on retail investors as a possible source of fund raising. The ELTIF is obviously well positioned as a vehicle of choice for such funds, especially given the updates around eligible assets as well as transfers of investors. However, ELTIF managers and administrators alike need to be mindful of a number of operational challenges, inter alia:

Valuation

Whilst most of the traditional AIFs are closed-ended in nature, whereby the NAV has more of an informative character, open-ended ELTIFs that allow for subscriptions and redemptions throughout the life of the ELTIF will require solid valuation procedures based on latest available information at the time of calculation of the NAV which might be quarterly, or in certain instances, even monthly. Frequent valuations throughout the year adds additional logistical challenges with respect to the underlying information received (e.g. timeliness, completeness, robustness), and the logistics of the preparation of the valuation and the NAV calculation which provides for a much tighter time window than in traditional closed-ended AIFs. Existing operational processes – from sourcing, ingestion, assessment of the information and the allocated (human and technical) resources – will require a reassessment and in most instances a redesign to ensure they are fit for purpose.

Investor servicing

Transfer agents that are servicing traditional AIFs are accustomed to handling a smaller number of institutional investors for the different closing cycles. Open-ended ELTIFs that are catering to retail investors will pose several challenges to transfer agents such as (i) periodic subscriptions and redemptions with on- and offboarding of investors considering the liquidity profile of the ELTIF, (ii) different distribution channels such as through distribution platforms more geared towards nominee investors, (iii) specific ELTIF requirements to be considered within the distribution chain from the point of sale up to the transfer agent such as the initial redemption period or eligibility of investors. These challenges are not always the obligation of the transfer agent but due its pivotal role within the distribution chain, transfer agents will be expected to have robust processes in place and relevant technological solutions that will streamline these processes. ELTIF managers need to ensure that they work with transfer agents that have the right understanding, systems, and connections to distributors in order to deal with a much larger volume of investors, transactions and requests in case the managed ELTIFs are catering to retail investors.

Portfolio management

In traditional closed-ended AIF settings, the investment period is between 2 – 4 years which limits the active involvement of the portfolio management team by design. In open-ended ELTIF situations, the possibility of subscriptions and redemptions as well as the mix between liquid and illiquid investments interlinked with the additional investment restrictions imposed by the ELTIF regulation will pose different challenges to the involved portfolio management teams. A balancing act which is further underpinned by technological questions for the management of liquid and illiquid investments and the consideration of the overall liquidity profile of the ELTIF in open-ended settings.

Depositary

Similar to the transfer agents, ELTIF managers need to ensure that they work with depositaries that can actually service open-end types of retail funds. Likewise, the traditional non-bank depositaries are looking into what they can do in order to continue servicing these funds for their clients. Challenges for the depositary banks will – inter alia – encompass (i) investment restriction controls, (ii) assessment and documentation of valuation procedures of the AIFM, (iii) compliance with ELTIF requirements with respect to subscription and redemption processes, including the minimum holding period. Challenges for depositary banks may be compounded by the fact that these topics may be different from ELTIF to ELTIF, and AIFM to AIFM respectively.

Access to retail investors

Last but not least on the operational challenges is the question around access to retail investors. Given that this is not necessarily home turf for traditional AIF Managers, they need to define a strategy around this topic as the access to a new investor pool evidently poses one of the larger opportunities out there. Possible gateways are to tap into a network of distributors or to take on retail investors directly appreciating the different typical subscription tickets between professional and retail investors and the added regulatory challenges with respect to distribution with the EU. The latter might be coupled with technical support of tokenising the funds' shares.

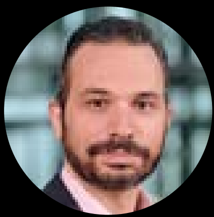
7

Entry into force

The new regulation came into force in January 2024. Existing ELTIFs will have five years from the date of application of the new regulation to comply with it. Those existing ELTIFs that do not raise capital after the date of application of the new regulation shall be exempt from having to comply with it.

In this publication, legal aspects have been covered by PwC legal, whereas tax, regulatory and operational aspects have been covered by PwC Société Coopérative.

Contacts



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