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COMMISSION DELEGATED REGULATION (EU) 2024/2759

of 19 July 2024

supplementing Regulation (EU) 2015/760 of the European Parliament and of the Council with regard to regulatory technical standards specifying when derivatives will be used solely for hedging the risks inherent to other investments of the European long-term investment fund (ELTIF), the requirements for an ELTIF's redemption policy and liquidity management tools, the circumstances for the matching of transfer requests of units or shares of the ELTIF, certain criteria for the disposal of ELTIF assets, and certain elements of the costs disclosure

(Text with EEA relevance)

(OJ L 2759, 25.10.2024, p. 1)

Corrected by:

► **C1** Corrigendum, OJ L 90705, 6.11.2024, p. 1 (2024/2759)

**COMMISSION DELEGATED REGULATION (EU) 2024/2759****of 19 July 2024**

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(Text with EEA relevance)

*Article 1***The use of financial derivative instruments solely for hedging purposes**

The use of financial derivative instruments shall solely serve the purpose of hedging the risks inherent to other investments of the ELTIF where all of the following conditions are fulfilled:

- (a) the use of the financial derivative instruments is:
 - (i) economically appropriate for the ELTIF at the ELTIF level;
 - (ii) consistent with the risk-profile of the ELTIF;
- (b) the use of the financial derivative instruments aims at a verifiable reduction of the risks at the ELTIF level;
- (c) the underlyings of the financial derivative instruments are assets to which an ELTIF is exposed, or, where the financial derivative instruments to hedge the risks arising from the exposure to such assets are not available, the underlyings of financial derivative instruments are of the same or economically similar asset class.

For the purposes of point (b), the manager of the ELTIF shall take all reasonable steps to ensure that the financial derivative instruments used to hedge the risks inherent to other investments of the ELTIF reduce the risks at the ELTIF level, including in stressed market conditions.

*Article 2***Circumstances in which the life of an ELTIF is compatible with the life-cycles of each of its individual assets**

When assessing whether the life of an ELTIF is compatible with the life-cycles of each of the individual assets of the ELTIF, as referred to in Article 18(3) of Regulation (EU) 2015/760, the manager of an ELTIF shall consider all of the following:

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- (a) the liquidity profile of each of the individual assets of the ELTIF;
- (b) the liquidity profile of the ELTIF's portfolio on a weighted basis;
- (c) the timing of the acquisition and the disposal of each of the individual assets of the ELTIF, assessed against the background of the economic life-cycle of the assets, and the life of the ELTIF;
- (d) the investment objective of the ELTIF;
- (e) where an ELTIF provides for the possibility of redemptions during the life of the ELTIF, the redemption policy of the ELTIF;
- (f) the cash management needs and expected cash-flow and liabilities of the ELTIF;
- (g) the possibility to roll over, or terminate, the exposure of the ELTIF to the individual assets of the ELTIF;
- (h) the availability of a reliable, sound, and up-to-date valuation of the assets in the ELTIF's portfolio;
- (i) the portfolio composition and the life-cycle management of the ELTIF's assets throughout the life of the ELTIF.

Article 3

Criteria to determine the minimum holding period referred to in Article 18(2), first subparagraph, point (a), of Regulation (EU) 2015/760

1. The manager of an ELTIF that chooses to determine a minimum holding period as referred to in Article 18(2), first subparagraph, point (a), of Regulation (EU) 2015/760 shall consider all of the following:

- (a) the long-term nature and investment strategy of the ELTIF;
- (b) the underlying asset classes of the ELTIF, their liquidity profile, and their position in their life-cycle;
- (c) the ELTIF's investment policy, and the extent to which the ELTIF takes part in the investment policy and governance of the underlying assets in which the ELTIF invests;
- (d) the investor base of the ELTIF and:
 - (i) where the ELTIF is marketed to retail investors, the expected aggregate concentration of retail investors;
 - (ii) the information on the degree of concentration of the ownership of the professional investors in the ELTIF, where available;
- (e) the liquidity profile of the ELTIF;

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- (f) the procedures for the valuation of the ELTIF's assets, and the time required to produce a reliable, sound, and up-to-date (based on the most recent data) valuation;
- (g) 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;
- (h) the portfolio composition and diversification of the ELTIF;
- (i) the average and mean length of life, where applicable, of the assets of the portfolio of the ELTIF;
- (j) the duration and the characteristics of the life-cycle of the ELTIF and the ELTIF's redemption policy;
- (k) the timeframe for the investment phase of the investment strategy of the ELTIF;
- (l) whether the minimum holding period, where applicable, is consistent and commensurate with the time necessary to complete the investment of the ELTIF's capital contributions, and in particular:
 - (i) whether that minimum holding period covers at least the initial investment phase of the ELTIF;
 - (ii) 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.

2. Where requested by the competent authority of the ELTIF, the manager of the ELTIF shall justify to the competent authority of the ELTIF, in particular, on the basis of the criteria set out in paragraph 1, the appropriateness of the duration of the minimum holding period of the ELTIF and its compatibility with the valuation procedures and the redemption policy of the ELTIF.

Article 4

Minimum information about the redemption policy and liquidity management tools to be provided by the manager of an ELTIF to the competent authority of the ELTIF under Article 18(2), first subparagraph, point (b), of Regulation (EU) 2015/760

1. Where an ELTIF provides for the possibility of redemptions during the life of the ELTIF, the manager of an ELTIF shall provide the competent authority of the ELTIF, at the time of authorisation of the ELTIF, with all of the following information:

- (a) the redemption policy of the ELTIF, which shall contain and clearly indicate all of the following:
 - (i) information on the periodicity and the duration of the redemptions;
 - (ii) a description of the available liquidity management tools, and the conditions for their activation;
 - (iii) the conditions and procedures for requesting redemptions and for processing the redemption requests received;

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- (b) the entities responsible for managing the redemption process and how the redemptions will be documented;
- (c) a description of how the assets and liabilities of the ELTIF will be managed to meet redemption requests;
- (d) a description of the procedures, if any, to prevent redemptions causing dilution effects for investors;
- (e) a description of the valuation procedures of the ELTIF set out in accordance with Article 19(3), third subparagraph, of Directive 2011/61/EU, and Articles 72 and 74 of Commission Delegated Regulation (EU) No 231/2013 ⁽¹⁾.
- (f) the results, assumptions and inputs used for liquidity stress tests, where such liquidity stress tests are to be carried out pursuant to Article 15(3), point (b), and Article 16(1), second subparagraph, of Directive 2011/61/EU, demonstrating whether and how, in severe but plausible scenarios, the ELTIF is able to deal with redemption requests;
- (g) the liquidity offered to investors of the ELTIF, and the liquidity profiles of the investments of the ELTIF, both under normal and stressed conditions;
- (h) information about the implementation of the liquidity management tools;
- (i) the elements referred to in Article 5(1) of this Regulation;
- (j) the approach used by the manager of the ELTIF to determine the maximum percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 as per Article 5(5) first subparagraph, of this Regulation;
- (k) any other information that the competent authority of the ELTIF considers relevant to assess whether the redemption policy of the ELTIF and the liquidity management tools meet the requirements set out in Regulation (EU) 2015/760.

2. Throughout the life of the ELTIF, before changing the elements referred to in paragraph 1, points (a)(i) or (a)(ii) and point (j), or materially changing the elements referred to in paragraph 1, point (a)(iii), the manager of the ELTIF shall notify the competent authority of the ELTIF of such change in writing at least 1 month before such change, or immediately after an unforeseeable change beyond the control of the manager of the ELTIF has occurred. Where that competent authority does not react within 20 calendar days, it shall be deemed to have agreed to such change.

⁽¹⁾ Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (OJ L 83, 22.3.2013, p. 1, ELI: http://data.europa.eu/eli/reg_del/2013/231/oj).

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3. Throughout the life of the ELTIF, the manager of an ELTIF shall, upon request from the competent authority of the ELTIF, also provide all of the following information:

- (a) 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;
- (b) up-to-date results of the liquidity stress tests and up-to-date assumptions and inputs used for the liquidity stress tests performed, both under exceptional and stressed market conditions;
- (c) up-to-date information referred to in paragraph 1 in case of material changes to that information.

Article 5

Requirements to be fulfilled by the ELTIF in relation to its redemption policy and liquidity management tools, as referred to in Article 18(2), first subparagraph, points (b) and (c), of Regulation (EU) 2015/760

1. Where an ELTIF provides for the possibility of redemptions during the life of the ELTIF, the redemption policy of the ELTIF shall contain all of the following elements:

- (a) the conditions under which redemptions can be granted;
- (b) the time window within which redemptions can be granted;
- (c) the frequency or periodicity at which redemptions can be granted;
- (d) 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 a 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;
- (e) whether and how investors can request the cancellation of their redemption requests that have not been fully executed;
- (f) whether the ELTIF provides for the possibility of repayments in kind out of the ELTIF's assets, as referred to in Article 18(5) of Regulation (EU) 2015/760;
- (g) whether the ELTIF has a minimum holding period as referred to in Article 18(2), first subparagraph, point (a), of Regulation (EU) 2015/760, and if so, the duration of, and conditions for such minimum holding period;

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- (h) a description of the available liquidity management tools and of the conditions for their activation;
- (i) the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760.

For the purposes of point (h), where the ELTIF is marketed to retail investors, the description of the available liquidity management tools shall be written in non-technical terms that enable retail investors' understanding of those tools.

2. When adopting the redemption policy of an ELTIF, the manager of the ELTIF shall take into account all of the following features of the ELTIF to assess the liquidity profile of the ELTIF:

- (a) the composition of the portfolio of the ELTIF, including the assets referred to in Article 9(1), point (b), of Regulation (EU) 2015/760;
- (b) the life of the ELTIF;
- (c) the liquidity profile of the ELTIF;
- (d) the methods and documented process for the valuation of the assets of the ELTIF;
- (e) the market conditions and material events that may affect the possibility of the manager of the ELTIF to implement the redemption policy;
- (f) the minimum holding period determined by the manager of the ELTIF in accordance with Article 3 of this Regulation, and the criteria used to determine that minimum holding period, where applicable;
- (g) the available liquidity management tools, their calibration, and the conditions for their activation;
- (h) the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760, and the criteria used to determine that percentage;
- (i) the liquidity stress tests, where such liquidity stress tests are to be carried out pursuant to Article 15(3), point (b), and Article 16(1) of Directive 2011/61/EU, and their results;
- (j) how the interests of investors will be protected.

3. Throughout the life of the ELTIF, the redemption policy shall be sound, well-documented, and consistent with the ELTIF's investment strategy and liquidity profile. All of the following shall be consistent with the nature and the level of liquidity of the ELTIF's underlying assets:

- (a) the different features of the redemption policy, including the redemption frequency;

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- (b) the minimum holding period, where applicable;
- (c) the date referred to in Article 17(1), first subparagraph, point (a), of Regulation (EU) 2015/760;
- (d) the liquidity management tools referred to in Article 18(2), first subparagraph, point (b), of Regulation (EU) 2015/760.

When reviewing the validity of risk measurement and the new information acquired by the manager of the ELTIF throughout the life of the ELTIF, the manager of an ELTIF shall take into account the results of the back-testing performed on its liquidity stress tests, where such back-testing is to be carried pursuant to Article 45(3), point (b), of Delegated Regulation (EU) No 231/2013.

4. Where redemptions take place more frequently than on a quarterly basis, the manager of the ELTIF shall justify to the competent authority of the ELTIF the appropriateness of the redemption frequency and its compatibility with the individual features of the ELTIF.

5. The percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 shall be an integral part of the redemption policy of the ELTIF. The manager of the ELTIF shall calibrate that percentage at its discretion on the basis of one of the following:

- (a) the redemption frequency and the notice period of the ELTIF, including the extension of the notice, if any, depending on which of one of the three options referred to in Annex I to this Regulation is selected by the manager of the ELTIF; or
- (b) the redemption frequency and the minimum percentage of the assets referred to in Article 9(1), point (b), of Regulation (EU) 2015/760, as specified in Annex II to this Regulation.

6. To determine the maximum size of redemption at a given redemption date, the manager of the ELTIF shall apply the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760, as specified in Annex I or Annex II to this Regulation, to the sum of:

- (a) the assets referred to in Article 9(1), point (b) of Regulation (EU) 2015/760 at that redemption date; and
- (b) the expected cash flow, forecasted on a prudent basis over 12 months.

For the purposes of point (b), the manager of the ELTIF shall only take into account those expected positive cash flows for which the ELTIF manager can demonstrate that there is a high degree of certainty that they will materialise. The manager of the ELTIF shall not consider as expected positive cash flows the possibility that the ELTIF can raise capital through new subscriptions.

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7. Where the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 is calibrated on the basis of paragraph 5, point (b), and the amount of assets of the ELTIF referred to in Article 9(1), point (b), of Regulation (EU) 2015/760 falls below the thresholds set out in Annex II to this Regulation, the ELTIF manager shall, within a period of time that is appropriate for that 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.

8. Where the notice period of the ELTIF, including the extension of the notice period, if any, is less than 3 months, the manager of the ELTIF shall inform the competent authority of the ELTIF thereof, including the reasons for such shorter notice period, and shall explain how that shorter notice period is consistent with the individual features of the ELTIF.

9. The manager of an ELTIF shall not be required but may, at its discretion, select and implement at least one anti-dilution liquidity management tool from among any of the following anti-dilution liquidity management tools:

- (a) anti-dilution levies;
- (b) swing pricing;
- (c) redemption fees.

In addition to the anti-dilution liquidity management tools referred to in the first subparagraph, the manager of the ELTIF may also at its discretion select and implement other liquidity management tools. In such a case, the manager of the ELTIF shall upon request by the competent authority of the ELTIF provide the competent authority of the ELTIF with information on why, on the basis of the features of the ELTIF referred to in paragraph 2, the anti-dilution liquidity management tools referred to in the first subparagraph are not adequate for that specific ELTIF or why another set of liquidity management tools would be more appropriate, taking into account the interests of the ELTIF and of its investors.

10. A competent authority may, upon request of the manager of the ELTIF, exempt the ELTIF that can solely be marketed to professional investors from the obligation to provide that competent authority with the information referred to in paragraph 8 and paragraph 9, second subparagraph.

Article 6

Criteria to determine the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760

1. When determining the percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760, the manager of an ELTIF shall take into account all of the following elements:

- (a) the ELTIF's liquidity profile, assets and liabilities, risks of liquidity mismatches, and expected inflows and outflows;

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- (b) the life-cycle of the assets of the ELTIF, 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;
- (c) the planned and expected frequency of redemptions of the ELTIF and the risks of dilution effects of such redemptions for investors;
- (d) the availability and nature of existing liquidity management tools;
- (e) the financial performance of the ELTIF, including the free cash flows and the ELTIF's balance sheet;
- (f) 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;
- (g) the availability of reliable information on the valuation of the ELTIF's assets;
- (h) the ELTIF's stability, investment strategy, and portfolio composition throughout the life-cycle of the ELTIF after a redemptions;
- (i) 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.

2. The manager of an ELTIF shall determine the percentage of allowed redemptions referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 in accordance with the redemption policy and the valuation procedures of the ELTIF, and in accordance with Article 5(6) of this Regulation.

*Article 7***Matching of transfer requests as referred to in Article 19(2a) of Regulation (EU) 2015/760**

1. Where an ELTIF provides for the possibility, during the life of the ELTIF, of full or partial matching of transfer requests of units or shares of the ELTIF by exiting investors with transfer requests by potential investors, the policy for matching requests shall contain all of the following:

- (a) the format, process, and the timing of the matching;
- (b) the frequency or periodicity of the matching window, and the duration of that window;
- (c) the dealing dates;
- (d) the requirements for the submission of purchase and exit requests, including the deadlines for submitting such requests;
- (e) the settlement and pay-out periods;

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- (f) any safeguards to avoid any potential arbitrage against investors' interest due to the asymmetry of information inherent to the matching of transfer requests;
- (g) where the manager of the ELTIF imposes a notice period for receiving purchase and exit requests, the details regarding such a notice period.

Where an ELTIF provides for the possibility of redemptions during the life of the ELTIF as referred to in Article 18(2) of Regulation (EU) 2015/760, the policy for matching requests shall clearly set out the differences between such redemptions and the matching referred to in Article 19(2a) of that Regulation, in particular as regards the frequency, periods, execution price, and notice period for such matching, and shall contain the specific criteria for the determination of the execution price in case of matching.

2. The rules and procedures for matching requests shall be sound, appropriate for the ELTIF and its investors, and shall aim at preventing, managing, and monitoring conflicts of interest.

Article 8

The determination of the execution price and the pro-ratio conditions where transfers are matched as referred to in Article 19(2a) of Regulation (EU) 2015/760, and the level of the fees, costs and charges, if any, related to the transfer

1. The manager of an ELTIF may determine the execution price referred to in Article 19(2a), point (a)(iv), of Regulation (EU) 2015/760 by using the net asset value or other price determination methods, provided that the fair treatment of all investors, including exiting and remaining investors of the ELTIF, is ensured, in particular where the ELTIF allows for redemptions as referred to in Article 18(2) of that Regulation.

2. Where the execution price referred to in Article 19(2a), point (a)(iv), of Regulation (EU) 2015/760 is based on the net asset value, the manager of an ELTIF shall align the matching of transfer requests with the valuation dates of the ELTIF. Where such execution price is not based on the net asset value, the manager of an ELTIF shall implement such matching outside the valuation dates of the ELTIF.

3. Where an ELTIF provides for the possibility of redemptions during the life of the ELTIF as referred to in Article 18(2) of Regulation (EU) 2015/760, the ELTIF shall set out the rules determining any exit or purchase fee related to the matching of transfer requests.

4. ►C1 With respect to the requirement, laid down in Article 19(2a), point (b), of Regulation (EU) 2015/760, that where there is a mismatch between exiting and potential investors, matching is to be carried out on a pro rata basis, the policy for matching requests of the ELTIF shall specify all of the following: ◄

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- (a) where there are purchasing orders but no sale orders, or *vice versa*, whether the requests are cancelled or carried over;
- (b) where exit orders are lower than purchasing orders, that exit orders are carried out and that purchasing orders that are to be satisfied are selected on the basis of the criterion established by the manager of the ELTIF, and whether the excess purchasing orders are carried over and, if so, for how long;
- (c) where exit orders are higher than purchasing orders, that the manager of the ELTIF executes the exit orders on the basis of the criterion established by the manager of the ELTIF, and whether the excess exit orders are carried over and, if so, for how long.

The rules that specify how matching is to be carried out on a pro rata basis shall be based on the size of each exit order and take into account the available assets of the ELTIF and the features of the ELTIF.

Article 9

Information that ELTIFs need to disclose to investors when transfers are matched as referred to in Article 19(2a) of Regulation (EU) 2015/760 and the timing of such disclosure

1. The information that ELTIFs are to disclose to investors when matching transfers as referred to in Article 19(2a) of Regulation (EU) 2015/760 shall contain all of the following, as applicable depending on whether the execution price is based on net asset value or not:

- (a) predetermined dealing dates and settlement or pay-out periods;
- (b) deadlines for the submission of purchase or exit orders;
- (c) the frequency at which the matching is available;
- (d) where the execution price is calculated by using methods or tools that are different from the net asset value, the specific criteria on the basis of which the execution price is to be determined and the manner in which investors will be informed thereof;

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- (e) any exit or subscription fees, charges or costs related to the matching of transfer requests that are to be borne by exiting or potential investors;

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- (f) any notice period for receiving purchase or exit orders;
- (g) by when, by whom, and how new investors will be informed that they have acquired the units or shares of the ELTIF, and when and how the exiting investors will receive the corresponding amount for their units or shares of the ELTIF;

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- (h) the rules that specify how and under which conditions matching is to be carried out on a pro rata basis.

Where an ELTIF provides for the possibility of redemptions during the life of the ELTIF, as referred to in Article 18(2) of Regulation (EU) 2015/760, the ELTIF manager shall inform investors about the differences between such redemptions and the matching referred to in Article 19(2a) of that Regulation, and in particular, about the frequency, periods, execution price and notice period for the matching.

- 2. The manager of the ELTIF shall keep the information referred to in paragraph 1 up to date.

Article 10

Criteria for the assessment of the market for potential buyers

For the purposes of Article 21(2), point (a), of Regulation (EU) 2015/760, the manager of an ELTIF shall assess all of the following elements for each asset in which the ELTIF invests:

- (a) whether one or more potential buyers are present in the market;
- (b) 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 referred to in Article 21(1) of Regulation (EU) 2015/760, expects potential buyers to be dependent on external financing for buying the asset concerned;
- (c) 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;
- (d) the specific maturity profile of the asset;
- (e) 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 referred to in Article 21(1) of Regulation (EU) 2015/760, expects the following risks to materialise:
 - (i) risks associated with legislative changes that could affect the market for potential buyers;
 - (ii) political risks that could affect the market for potential buyers;
- (f) whether the elements referred to in points (a) and (b) may be adversely impacted during the disposal period by overall economic conditions in the market or markets relevant to the asset.

▼B*Article 11***Criteria for the valuation of the assets to be divested**

1. For the purposes of Article 21(2), point (c), of Regulation (EU) 2015/760, the manager of an ELTIF shall start the valuation of the assets to be divested before the deadline referred to in Article 21(1) of Regulation (EU) 2015/760 and shall finalise that valuation within no more than 6 months before that deadline.
2. The manager of an ELTIF may take into account valuations made in accordance with Article 19 of Directive 2011/61/EU where such valuation has been finalised no more than 6 months before the deadline referred to in paragraph 1.

*Article 12***Common definitions, and calculation methodologies and presentation formats of costs**

1. The costs of setting up the ELTIF as referred to in Article 25(1), point (a), of Regulation (EU) 2015/760 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 manager of the ELTIF or to a third party.
2. The costs related to the acquisition of assets as referred to in Article 25(1), point (b), of Regulation (EU) 2015/760 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.
3. The management and performance related fees referred to in Article 25(1), point (c), of Regulation (EU) 2015/760 shall comprise all payments to the manager of the ELTIF, including payments to any person to whom the corresponding function has been delegated, except any fees that are related to the acquisition of the assets referred to in paragraph 2 of this Article.
4. The distribution costs referred to in Article 25(1), point (d), of Regulation (EU) 2015/760 shall comprise all administrative, regulatory, professional service and audit costs related to distribution.
5. Other costs, as referred to in Article 25(1), point (e), of Regulation (EU) 2015/760, shall comprise all of the following items if those costs are not classified under paragraphs 1 to 4 of this Article:
 - (a) payments to the following persons or entities, including any person to whom those persons or entities have delegated any function;
 - (i) the depositary;
 - (ii) the custodians;

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- (iii) any investment adviser;
 - (iv) providers of valuation, fund accounting services, and fund administration;
 - (v) providers of property management and of similar services;
 - (vi) other providers that trigger transaction costs;
 - (vii) prime-brokerage service providers;
 - (viii) providers of collateral management services;
 - (ix) securities lending agents;
 - (x) legal and professional advisers;
- (b) provisioned fees for specific treatment of gains and losses;
- (c) operating costs under a fee-sharing arrangement with a third party;
- (d) audit, registration and regulatory fees.

The costs referred to in the first subparagraph shall not include the costs related to the setting up of the ELTIF referred to in paragraph 1, the up-front part of the costs related to the acquisition of assets referred to in paragraph 2, the up-front part of the distribution costs referred to in paragraph 4 and the management and performance related fees referred to in paragraph 3.

6. The costs referred to in paragraph 5 shall be expressed as a percentage of the net asset value of the ELTIF over a one-year period.

7. The overall cost ratio of the ELTIF referred to in Article 25(2) of Regulation (EU) 2015/760 shall be the ratio of the total costs to the net asset value per annum of the ELTIF and shall be calculated as follows:

- (a) the overall cost ratio of the ELTIF shall be expressed as a percentage to two decimal places;
- (b) the overall cost ratio of the ELTIF shall be based on the most recent cost calculations by the manager of the ELTIF and they shall be calculated and updated on an annual basis;
- (c) the costs shall be assessed on an 'all taxes included' basis.

Article 13

Entry into force

This Regulation shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.



ANNEX I

Determination of the maximum percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 as a function of the redemption frequency and the notice period of the ELTIF, including the extension of the notice period, if any ('Notice Period')

Option 1 – Baseline option

Notice Period / Redemption frequency	No Notice Period	2 weeks Notice Period	1 month Notice Period	3 months Notice Period	6 months Notice Period	9 months Notice Period	12 months Notice Period
12 months	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %
6 months	50,0 %	52,2 %	54,5 %	66,7 %	100,0 %	100,0 %	100,0 %
3 months	25,0 %	26,1 %	27,3 %	33,3 %	50,0 %	100,0 %	100,0 %
2 months	16,7 %	17,4 %	18,2 %	22,2 %	33,3 %	66,7 %	100,0 %
1 month	8,3 %	8,7 %	9,1 %	11,1 %	16,7 %	33,3 %	100,0 %
Bi-weekly	4,2 %	4,3 %	4,5 %	5,6 %	8,3 %	16,7 %	100,0 %
Weekly	1,9 %	2,0 %	2,1 %	2,6 %	3,8 %	7,7 %	100,0 %

Option 2 – Aggregation on a one-month basis

Notice Period / Redemption frequency	No Notice Period	2 weeks Notice Period	1 month Notice Period	3 months Notice Period	6 months Notice Period	9 months Notice Period	12 months Notice Period
12 months	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %
6 months	50,0 %	52,2 %	54,5 %	66,7 %	100,0 %	100,0 %	100,0 %
3 months	25,0 %	26,1 %	27,3 %	33,3 %	50,0 %	100,0 %	100,0 %
2 months	16,7 %	17,4 %	18,2 %	22,2 %	33,3 %	66,7 %	100,0 %
1 month or more frequent than 1 month	On an aggregate basis, during the period of one month: 8,3 %	On an aggregate basis, during the period of one month: 8,7 %	On an aggregate basis, during the period of one month: 9,1 %	On an aggregate basis, during the period of one month: 11,1 %	On an aggregate basis, during the period of one month: 16,7 %	On an aggregate basis, during the period of one month: 33,3 %	On an aggregate basis, during the period of one month: 100,0 %

Option 3 – Aggregation on a two-months basis

Notice Period / Redemption frequency	No Notice Period	2 weeks Notice Period	1 month Notice Period	3 months Notice Period	6 months Notice Period	9 months Notice Period	12 months Notice Period
12 months	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %	100,0 %
6 months	50,0 %	52,2 %	54,5 %	66,7 %	100,0 %	100,0 %	100,0 %

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Notice Period / Redemption frequency	No Notice Period	2 weeks Notice Period	1 month Notice Period	3 months Notice Period	6 months Notice Period	9 months Notice Period	12 months Notice Period
3 months	25,0 %	26,1 %	27,3 %	33,3 %	50,0 %	100,0 %	100,0 %
2 months or more frequent than 2 months	On an aggregate basis, during the period of 2 months: 16,7 %	On an aggregate basis, during the period of 2 months: 17,4 %	On an aggregate basis, during the period of 2 months: 18,2 %	On an aggregate basis, during the period of 2 months: 22,2 %	On an aggregate basis, during the period of 2 months: 33,3 %	On an aggregate basis, during the period of 2 months: 66,7 %	On an aggregate basis, during the period of 2 months: 100,0 %



ANNEX II

Determination of the maximum percentage referred to in Article 18(2), first subparagraph, point (d), of Regulation (EU) 2015/760 as a function of the redemption frequency and the minimum percentage of assets referred to in Article 9(1), point (b) of that Regulation

Redemption frequency	Minimum percentage of assets referred to in Article 9(1), point (b)	Maximum percentage referred to in Article 18(2), first subparagraph, point (d)
12 months, and less frequent	10 %	100 %
6 months	15 %	67 %
3 months	20 %	50 %
1 month or more frequent	25 %	20 %, applied on a monthly aggregate basis