

Central Bank of Ireland Gives Open-Ended ELTIFs The Green Light

October 2024

Background

European long-term investment funds (**ELTIFs**) are the only type of funds dedicated to long-term investments that can be distributed across borders in the EU to both professional and retail investors.

Under the original regime established in 2015, ELTIFs could only be structured as closed-ended funds offering no redemption rights to investors. However, one of the key reforms made to the ELTIF regime in January 2024 was the introduction of the possibility of establishing an open-ended ELTIF which provides certain redemption facilities to investors.

The specific conditions which must be satisfied in order for an ELTIF to be structured as an open-ended fund¹ are set down in [Commission Delegated Regulation \(EU\) 2024/2759](#) which was published in the Official Journal of the European Union on 25 October 2024 (**RTS**). For a detailed overview of the requirements introduced under the RTS, please refer to our previous [briefing](#) on the topic.

Demonstrating its openness to facilitate such structures within an Irish domiciled fund, the Central Bank of Ireland (**Central Bank**) published details of its approval process for open-ended ELTIFs on its website on the same day, confirming that it is now accepting applications for this type of ELTIF fund.

¹ This includes the calculation methodology which must be used by an AIFM when determining the maximum percentage of liquid assets which can be redeemed by the ELTIF on a given dealing day. For further details on this calculation methodology, please refer to our in-depth guide on the Key Features of an Irish ELTIF which is accessible [here](#)





Central Bank of Ireland Approval Process for Open-Ended ELTIFs

Under the RTS, the AIFM of an open-ended ELTIF is required to provide the national competent authority (**NCA**) of the ELTIF with certain information to demonstrate that the ELTIF's redemption policy and liquidity management tools are appropriate and compatible with its long-term investment strategy (**Liquidity Information**). This includes:

- providing the NCA with the results, assumptions and inputs used for liquidity stress testing demonstrating whether and how the ELTIF will be able to deal with redemption requests in severe but plausible scenarios;
- where the proposed redemption frequency of the ELTIF is greater than quarterly, the justification of the appropriateness of the redemption frequency and its compatibility with the individual features of the ELTIF;
- where the proposed notice period of the ELTIF is less than three months, the rationale for applying the shorter notice period and an explanation as to how this is consistent with the individual features of the ELTIF.

Open-ended ELTIF marketed to professional investors² and/or qualified investors³

Where an open-ended ELTIF will be marketed to professional investors and/or qualifying investors, a pre-submission containing the Liquidity Information outlined above must be filed with the Central Bank for its consideration.

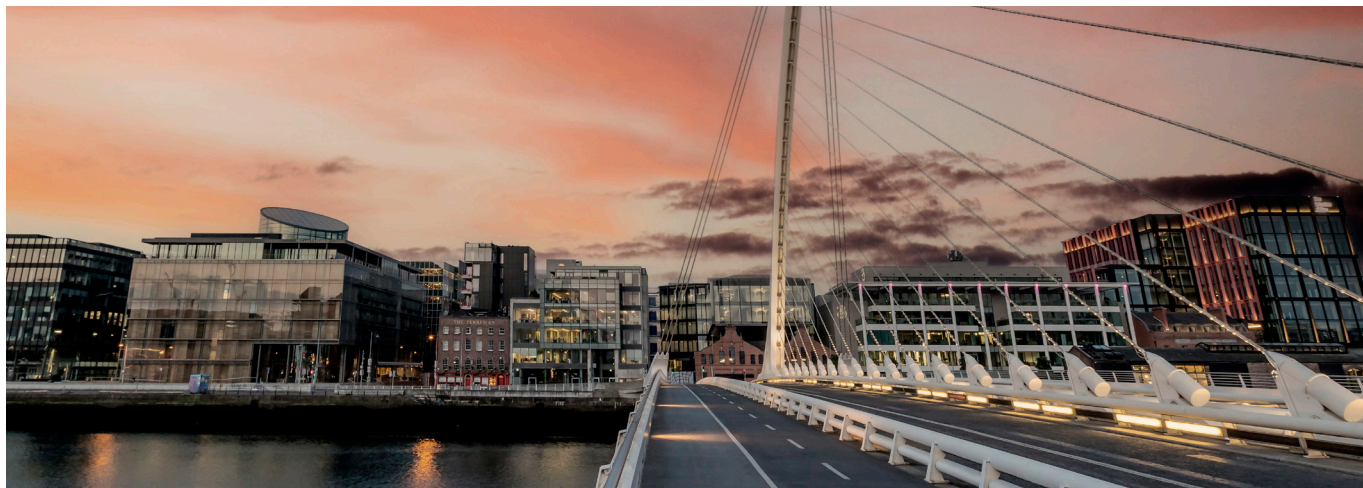
Once the Central Bank is satisfied with this information, the formal application for authorisation/approval of the ELTIF can then be submitted to it.

The relevant ELTIF will be approved by the Central Bank on the next business day following the filing of the formal application provided that:

1. all of the relevant service providers and, where relevant, directors of the ELTIF have already been approved or cleared by the Central Bank; and
2. the Central Bank is satisfied with the finalised documentation submitted to it, including the confirmations received in respect of the contents of that documentation.

² Those investors who meet the professional client criteria set down in MiFID II

³ Under the Irish ELTIF framework, "Qualified investors" include (i) "professional investors", (ii) investors who have received an appraisal from an EU credit institution, a MiFID firm or a UCITS management company confirming that they have the appropriate expertise, experience and knowledge to adequately understand the investment in the ELTIF or (iii) investors who certify that they are an informed investor and confirm to the ELTIF in writing that (a) they have such knowledge of and experience in financial and business matters as would enable the investor to properly evaluate the merits and risks of the prospective investment in the ELTIF or (b) the investor's business involves, whether for its own account or the account of others, the management, acquisition or disposal of property of the same kind as the property of the ELTIF



Open-ended ELTIF marketed to retail investors

Where an open-ended ELTIF is marketed to retail investors, the draft prospectus and supporting documentation must be submitted to the Central Bank for its prior review before formal application for approval of the ELTIF can be submitted to it.

Further Information

For an in-depth analysis of the key features of an Irish ELTIF, please access our up-to-date guide which is accessible [here](#)

If you would like to discuss the Irish ELTIF offering, please contact any of the team members below or your usual contact in Dillon Eustace.

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