

# Irish ELTIF Rules Finalised

March 2024

## Introduction

On 11 March 2024, the Central Bank of Ireland (**Central Bank**) finalised its position regarding the Irish ELTIF by publishing an updated version of its [AIF Rulebook](#) (**AIF Rulebook**). The revised AIF Rulebook now includes a new ELTIF chapter setting out the requirements applicable to Irish ELTIFs. Alongside the revised AIF Rulebook, the Central Bank published its [feedback statement](#) to Consultation Paper 155 and updated its website to provide information on the authorisation process and the relevant application forms required for ELTIF applications which the Central Bank is accepting with immediate effect.

As expected, the Central Bank has not gold-plated the ELTIF Regulation meaning that the only product-specific rules on eligible assets, portfolio composition, diversification and liquidity (amongst others) applicable to Irish ELTIFs are those set down in the ELTIF Regulation and its related delegated acts. Furthermore, and on the basis that Irish domiciled ELTIFs will be authorised under the existing Irish investment fund legislation, the tax regime applicable will be determined by the legal structure used to house the ELTIF. Irish ELTIFs will therefore be subject to the same favourable tax regime that currently applies to an Irish regulated fund established as an ICAV, PLC, ILP, unit trust or CCF, as applicable.





## Umbrella Structures

In the AIF Rulebook, the Central Bank has confirmed that it is possible to establish ELTIF umbrella structures within which individual ELTIF sub-funds can house different investment strategies or investor types.

In a very welcome development, the Central Bank has also confirmed in the AIF Rulebook that it is possible to establish ELTIF sub-funds within existing AIF umbrellas, thus allowing asset managers to use existing Irish AIF legal structures to house ELTIF sub-funds and generating significant economies of scale and increased speed to market when compared with costings and timing implications involved in establishing separate legal structures for each ELTIF.

## Categories of Irish ELTIFs and Central Bank Approval Process

The Central Bank has established three categories of ELTIFs under the new regime, namely:

1. "Professional Investor ELTIFs", being an ELTIF which is only marketed to "professional clients" within the meaning of MiFID II;
2. "Qualified Investor ELTIFs", and
3. Retail Investor ELTIFs, being ELTIFs that can be marketed to retail investors.

The Central Bank will permit Professional Investor ELTIFs and Qualified Investor ELTIFs, where the relevant provisions of the AIF Rulebook are complied with, to avail of the Central Bank's 24-hour approval process. In that case, provided that all of the relevant service providers and, where relevant, directors of the ELTIF have already been approved or cleared by the Central Bank and the Central Bank is satisfied with the finalised documentation submitted to it, the relevant ELTIF will be approved by the Central Bank on the next business day following the filing of the application seeking approval of the ELTIF with it.

It is worth noting that Qualified Investor ELTIFs must comply with all of the provisions applicable to ELTIFs marketed to retail investors set down in the ELTIF Regulation notwithstanding that such funds can avail of the Central Bank's 24-hour approval process.

Where an ELTIF is marketed to Retail Investors, the Central Bank will review the draft prospectus and issue comments prior to formal application for approval of the ELTIF being submitted to it.

## Conclusion

The Central Bank is now in a position to receive and process applications for approval of Irish domiciled ELTIFs. Given the structuring flexibility afforded under the Irish regulatory regime, the Central Bank 24-hour approval process available to certain ELTIFs as well as the favourable domestic tax treatment afforded to all Irish ELTIFs, the Irish ELTIF is expected to become the product of choice for

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<sup>1</sup> For the purposes of the above, a "Qualified Investor ELTIF" is an ELTIF which is authorised by the Central Bank and which can be marketed to the following categories of investors: (i) "Professional clients" within the meaning of MiFID II, (ii) an investor who has received an appraisal from an EU credit institution, a MiFID firm or a UCITS management company which confirms that the investor has the appropriate expertise, experience and knowledge to adequately understand the investment in the ELTIF; or (iii) an investor which certifies that they are an informed investor by providing the following: (a) confirmation (in writing) that the investor has 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) confirmation (in writing) that 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.

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global asset managers seeking to market regulated funds investing in long-term investments to both professional investors and retail investors on a cross-border basis within the EU.

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



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