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The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the European Commission’s Proposal for a Regulation amending Regulation (EU) 2015/760 of the European Parliament and of the Council of 29 April 2015 on European long-term investment funds (ELTIFs). GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) for ELTIFs and/or ELTIF Managers.

In recognition of the basis for the EU intervention, Recital (52) of the ELTIF Regulation sets out “since the objectives of this Regulation, namely to ensure uniform requirements on the investments and operating conditions for ELTIFs throughout the Union, while taking full account of the need to balance safety and reliability of ELTIFs with the efficient operation of the market for long-term financing and the cost for its various stakeholders, cannot be sufficiently achieved by the Member States but can rather, by reason of their scale and effects, be better achieved at Union level, the Union may adopt measures in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty on European Union.” EU action in the ELTIF sector will add value by preventing market fragmentation through national regimes, addressing deficiencies identified in the framework, and promoting further market growth and liquidity.

Given uniform rules are necessary to ensure that ELTIFs display a coherent and stable product profile across the European Union across-borders, GLEIF suggests that the creation of uniform rules should start with the unique and unambiguous identification of ELTIFs and/or ELTIF Managers with the LEI. By definition, ELTIFs are EU Alternative Investment Funds (AIFs) managed by alternative investment fund managers (AIFMs) authorized per with the Directive 2011/61/EU. To monitor and mitigate macro risks that stem from the activities of AIFMs, it is necessary to identify the relevant entities to ensure that they are meeting the essential requirements to manage professionally and responsibly their collective investments for the benefit of investors.

As noted in a letter sent to European Commission Executive Vice-President Dombrovskis, currently there is a gap in identifying and reporting AIFs and AIFMs. Additionally, European Securities and Markets Authority (ESMA) reiterates the Commission fitness check’s findings on reporting on the need to close the data gap on mandatory reporting of the LEI. The provisions of the Alternative Investment Fund Managers Directive (AIFMD), do not, at least directly, impose an obligation upon AIFMs and their AIFs to acquire an LEI. Therefore, reporting is foreseen only where available in the ESMA Guidelines on reporting obligations under Articles 3(3)(d) and 24(1), (2) and (4) of the AIFMD, which raises enforcement issues. This results in the availability of LEI in the ESMA Register for only 16% of the AIF managers.

For reporting harmonization across the European Union and reinforcing the transparency of ELTIFs across borders vis-à-vis investors, GLEIF suggests that the Commission imposes an explicit LEI requirement for ELTIFs/ELTIF Managers at the stage of the application for authorization in the proposed Regulation amending Regulation (EU) 2015/760 of the European Parliament and of the Council of 29
April 2015 on ELTIFs and that the ELTIFs/ELTIF Manager ensure the LEI is refreshed at least annually to ensure investors have current information on the ELTIF/ELTIF Manager.

GLEIF would also like to note to the Commission that ELTIFs could also report their professional investors such as municipalities, churches, charities or foundations and also retail investors using their LEIs; as the LEI can be assigned to all forms of legal entities.