

## Response of the Global Legal Entity Identifier Foundation (GLEIF) to the European Proposal for a Public Consultation on the Review of the European Long-Term Investment Funds (ELTIF) Regulatory Framework

January 2021

The Global Legal Entity Identifier Foundation (GLEIF) is pleased to provide comments to the European Proposal for a Public Consultation on the Review of the European Long-Term Investment Funds (ELTIF) Regulatory Framework. GLEIF will focus its comments on the use of the Legal Entity Identifier (LEI) for ELTIFs and/or ELTIF Managers in the registration process; so that ELTIFs and ELTIF Managers can be easily identified across the European Union.

*GLEIF would like to respond to Question 6. “You are kindly invited to make additional comments on this consultation if you consider that some areas have not been adequately covered above. Please elaborate, more specifically, which amendments of the ELTIF framework could be beneficial in providing additional clarity and practical guidance in facilitating the pursuit of the ELTIF strategy?”. Please include examples and evidence on any issues, including those not explicitly covered by the questions raised in this public consultation.*

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** 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 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.

Given it is stated in the ELTIF public consultation document that existing/upcoming consultations and particularly AIFMD and MIFID II will be taken into consideration in reviewing the legal and policy elements of the ELTIF framework, GLEIF would like to highlight the running “*Review of the AIFMD Public Consultation*”, where the Commission asks (Question 63) if the identification of an AIF with a LEI identifier be mandatory. GLEIF would like to reiterate that 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. With an explicit LEI requirement annual renewal mandate, the ELTIFs/ELTIF Manager would ensure investors have easily accessible and current information on the ELTIF/ELTIF Manager. The LEI is a natural

choice for improving transparency, ensuring reporting harmonization and reinforcing movability of ELTIFs, which are EU AIFs that are managed by AIFMs authorized in accordance with Directive 2011/61/EU.

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. In December 2020, the Regulatory Oversight Committee (ROC) published its [Guidance for General Government Entities](#). In the Guidance, the ROC clarified that a better identification of government entities, including municipalities, with the LEI could enhance accountability for tracking government spending and enhance transparency by collecting government financial data in an automatable fashion which is required for digital structured documents.

Bringing a clear LEI mandate in the ELTIF framework also would be a significant step towards responding to the European Systemic Risk Board's [Recommendation](#) of 24 September 2020 on identifying legal entities (ESRB/2020/12):

*"...the relevant authorities require or, where applicable, continue to require, all legal entities involved in financial transactions under their supervisory remit to have an LEI; 2. **the authorities, when drafting, imposing, or amending financial reporting obligations** include or, where applicable, continue to include, in such obligations an obligation to identify by way of an LEI: (a) the legal entity subject to the reporting obligation; and (b) any other legal entity about which information must be reported and which has an LEI;"*.

Considering the objectives of the Capitals Market Union to make European firms and funds attractive to investors, with the LEI, the Commission can avoid a fragmented approach with inconsistent entity identification formats and language barriers, thereby establishing a homogenous identification obligation vis-à-vis investors.