



EUROPEAN COMMISSION

*Brussels, 05.06.2014
C(2014) 3614 final*

Dear President,

The Commission would like to thank the Senato della Repubblica for its Opinion concerning the Proposal for a Regulation of the European Parliament and of the Council on European Long-term Investment Funds {COM (2013) 462 final}.

The Commission appreciates the Senato della Repubblica's Opinion supporting the recent proposal for a Regulation on European Long Term Investment Funds (ELTIF). ELTIFs are indeed an essential plank of the Commission's recent focus on how to enlist financial service operators to make a bigger contribution to the recovery and growth of European economies.

The Commission also acknowledges the Senato della Repubblica's suggestion to allow ELTIFs to invest in listed small and medium sized enterprises (SMEs). Keen to increase the financing available to SMEs, already the Commission's proposal included non-listed SMEs within the scope of assets eligible for an ELTIF portfolio. The initial proposal made a distinction between listed SMEs and non-listed SMEs based on the assumption that SMEs that are not listed on a stock exchange or comparable listing platform would be in more urgent need of capital than those that were listed on a secondary market. Nevertheless, the Commission can see merit in the Senato della Repubblica's suggestion to extend the scope of eligible investment assets also to listed SMEs, especially as an SME listing does not always guarantee a liquid secondary market and thus might not always provide for the requisite level of capital that these undertakings need to finance their development.

As part of the ongoing co-decision process, Council and Parliament are now indeed considering the conditions in which certain listed SMEs could be allowed into an ELTIF portfolio. Currently, certain threshold requirements in terms of turnover or employees of such eligible undertakings are discussed and the Commission is actively engaged in finding a meaningful threshold to maximise the useful effect of the proposed ELTIF framework.

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Finally, the Commission would also point out that, already the current proposal allows for investment in listed SMEs as part of the extra 30% of the ELTIFs capital commitments that may be invested in transferable securities as defined in the UCITS Directive. The aim of the current discussion is therefore only focused on whether certain listed SMEs should also be allowed in the 70% that an ELTIF has to dedicate to asset classes that are identified as eligible 'long-term' assets.

The Commission hopes that these clarifications address the issues raised by the Italian Senate and looks forward to continuing our political dialogue in the future.

Yours faithfully,

*Maroš Šefčovič
Vice-president*