RESPONSE TO PUBLIC CONSULTATION ON THE EU VENTURE AND GROWTH CAPITAL FUNDS REFORM

Important considerations

With around 700 sub-threshold alternative investment fund managers (AIFMs) and 30 EuVECA funds/17 EuVECA managers, Luxembourg is a popular choice of domicile for small and mid-sized AIFMs in the EU. However, compared to the number of market participants operating in the US venture capital ecosystem (3'111 VC firms in 2024), the numbers in Europe are small overall. As well as having a well-functioning framework for full-scope AIFMs, it is crucial to enable smaller managers to set up and grow their businesses in order to create value for the European economy, which is facing many challenges and needs to be competitive. In the current economic environment, it is important to avoid introducing additional complexity or regulatory burden. Europe's growth, competitiveness and capacity for innovation would be best supported by a streamlined and proportionate regulatory framework, rather than by additional layers of administrative requirements, while continuing to ensure a high level of investor protection.

This consultation response advocates for measures to simplify the registration, reporting, governance and operational requirements applicable to small and mid-sized AIFMs, including EuVECA, and for greater harmonisation across Member States. These proposals relate to procedural and regulatory consistency only and do not involve the creation of additional supervisory powers at the EU level. National Competent Authorities should retain full supervisory responsibility, while EU-level guidance, templates and convergence initiatives should serve to reduce fragmentation and improve clarity for managers.

Effective supervision of VC and growth funds requires consistent supervisory practices combined with an in-depth understanding of local market conditions and the specifics of each asset class. Enhancing cooperation among NCAs would improve consistency while maintaining the advantages of proximity to market participants. Within the existing framework, meaningful progress can be made by avoiding a one-size-fits-all approach. This will ensure that the implementation of rules remains tailored to market structures and the specifics of different asset classes. Enhanced dialogue between the EU and national authorities would reduce fragmentation, support competitiveness and reinforce the legitimacy and effectiveness of the regulatory framework.

Response to consultation

Question 1. To what extent do you agree with the following statement?
'EU venture and growth capital fund managers struggle to reach sufficient scale and to remain competitive.'

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 1, and provide examples, including quantifiable evidence where possible:

We are of the view that EU venture and growth capital fund managers struggle to reach sufficient scale and to remain competitive in particular for the following reasons.

Establishing a fund is itself a significant hurdle. The process requires substantial upfront investment in legal, regulatory and operational infrastructure before any fundraising or marketing activities can begin. This creates a high barrier to entry, especially for the new fund managers.

Furthermore, regulatory and cultural factors add friction. The EU's precautionary regulatory approach, while well-intentioned, often stifles innovation and increases costs, especially during the pre-marketing and fundraising phases. Local interpretations of regulations further complicate cross-border fundraising. Additionally, the risk-averse culture among European institutional investors – particularly pension funds and insurance companies – limits their appetite for venture capital and private equity, especially for smaller or de minimis funds. Finally, the structure of the investor base in Europe lags behind Anglo-Saxon markets. Pension funds, for example, are far less active in allocating to alternative assets compared to their US or UK counterparts.

Investing in companies in certain EU jurisdictions can be disproportionately burdensome due to corporate law requirements and notarisation processes. These administrative hurdles, while not formal restrictions, add friction and cost, particularly for cross-border investments.

The EuVECA framework, while well-intentioned, imposes constraints that may not align with the realities of modern venture capital.

The EU's antitrust regime has become a significant constraint on M&A activity, which is critical for venture capital exits and the development of a vibrant internal market. Overly stringent scrutiny has slowed deal flow, often to the detriment of European strategic autonomy. European corporates are fewer active acquirers than their US counterparts, partly due to weaker capital markets and persistent under-pricing of European assets. As a result, many of Europe's most innovative start-ups are acquired by non-European buyers, often at higher valuations.

Foreign Direct Investment screening mechanisms, while important for security, can add layers of uncertainty and delay, particularly for investments in sensitive sectors. The lack of consistency and transparency across Member States further complicates cross-border investment.

Current rules do not always account for the diversity of financial instruments and business models used by start-ups, especially in emerging sectors. This can limit fund managers' ability to structure deals optimally or to support innovative companies effectively.

Divergent national registration regimes and the absence of a passporting mechanism create significant administrative hurdles and limit cross-border fundraising.

The registration process can take 2–3 months (or longer, up to 6+ months in some cases), especially if documentation is incomplete or issues arise. This delays market entry and fundraising efforts. The

process often resembles a full authorisation, with scrutiny disproportionate to the risks posed by small managers.

Divergent interpretations and supervisory models across Member States increase compliance complexity and costs, particularly for cross-border operations.

Regulatory constraints limit the range of investment strategies available to small managers, reducing their ability to attract diverse investor bases.

Last but not least, the following requirements impose disproportionate administrative or operational burdens on mid-sized AIFMs:

- Reporting requirements;
- Depositary requirements;
- IT governance/DORA requirements;
- Audit requirements, in particular internal and external audit requirements which largely overlap and therefore create unnecessary operational burden;
- Need to establish certain organisational measures to separate risk and portfolio management.

The cumulative effect of the aforementioned requirements places significant strain on small teams, diverting resources from core investment and fundraising activities.

Question 2. To what extent do you see scope for simplification and burden reduction in the EU regulatory framework for venture and growth capital fund managers to enable greater scale, efficiency and capacity to invest in the EU economy?

A very large extent
A large extent
A moderate extent
Some extent
Negligible or non-existent extent

Please explain your answer to question 2, and provide examples:

In our view, the following aspects would lead to simplification and burden reduction to enable greater scale, efficiency and capacity to invest in the EU economy.

A new chapter should be introduced to the AIFMD dedicated to mid-sized AIFMs. As with sub-threshold AIFMs, the aim should be to identify areas of the directive that would not apply to these mid-sized AIFMs, such as the full set of reporting requirements.
Additionally, we recognise the need for a more gradual, operationally feasible transition pathway for mid-sized AIFMs becoming full-scope AIFMs. The current 30-day cliff-edge period should be replaced with a transition period of at least 12 to 18 months.

The current AIFMD threshold system would benefit from simplification and targeted revision to better reflect the realities of modern fund structures and investment strategies. A revised threshold

system would enhance proportionality and support the diverse needs of both fund managers and investors.
Further details are included in our response to the targeted consultation (see in particular our answers to section 2).

Small-size and mid-sized AIFMs should benefit from a full management and marketing passport. Cross-border management, distribution and deployment of capital are essential elements for enhancing the competitiveness of smaller players on the global landscape.

In terms of registration, we support the harmonisation of templates and deadlines across all the EU Member States, as well as the adoption of harmonised national supervisory practices. Currently, the regulatory landscape remains fragmented due to divergent national requirements imposed by the Member States.

We believe that national discretion should be limited and defined in order to prevent local interpretations that hinder cross-border business. This can be achieved by codifying the minimum and maximum content of manager-level obligations for sub-threshold AIFMs (governance, policies, reporting, etc.), and by prohibiting the transposition of full-scope AIFMD burdens in practice.

Finally, there is a need to apply the following requirements in a more proportionate way to venture and growth fund managers: depositaries, authorisation, risk/liquidity management, reporting, remuneration, auditing, governance-related requirements.

Question 3. Are there significant obstacles that hinder EU venture and growth capital funds from operating effectively on a cross-border basis and reaching sufficient scale? If so, what are these obstacles, how significant are they and how could they be removed or mitigated?

Europe's ambition to strengthen strategic autonomy and digital sovereignty is broadly shared. Yet a structural tension exists between this goal and the current application of EU competition policy in the digital economy.

Digital markets differ fundamentally from traditional industrial markets. They feature high fixed costs, near-zero marginal costs, strong network effects, data-driven learning curves, and increasing returns to scale. In such environments, scale is not merely the result of success; it is a precondition for global competitiveness.

As argued by Brad DeLong and Lawrence Summers in their 2001 Jackson Hole Symposium paper ("The 'New Economy': Background, Historical Perspective, Questions, and Speculations"[1]), digital technologies are characterised by increasing returns and significant spill overs. Early scale advantages can therefore produce persistent leadership. Competition models built on diminishing returns do not map cleanly onto such markets, and policies designed for traditional industries may misfire when applied to digital ones.

[1] http://www2.econ.iastate.edu/tesfatsi/DeLong.NewEconomy2001.htm

The EU's current antitrust posture – while well-intentioned – has often emphasised fragmentation, structural remedies, and ex-post enforcement against large digital platforms. This has had unintended consequences for Europe's venture ecosystem:

1. Weakened exit environment: Venture capital depends on credible exit pathways. Lengthy and unpredictable merger reviews constrain strategic M&A, depress expected returns, and reduce capital formation.
2. Deterrence of scale formation: If reaching dominant scale raises the probability of intervention, founders and investors rationally optimise for early sale rather than global expansion.
3. Competitive asymmetry: Non-European firms – particularly from the United States – operate within deeper capital markets and historically more permissive M&A regimes. As a result, Europe's most promising companies are often consolidated abroad rather than scaled within the Union.
4. Capital allocation distortions: Institutional investors value predictable exit regimes. A perception that Europe is structurally hostile to digital scale reduces the relative attractiveness of EU-based venture capital.

If Europe aims to build globally competitive digital champions, competition policy must reflect the economics of increasing-returns industries. This does not require abandoning antitrust principles – but modernising them.

A forward-looking framework would:

- Recognise that scale in digital markets can enhance dynamic competition;
- Deliver faster, clearer, and more predictable merger review in technology sectors;
- Distinguish between anti-competitive entrenchment and pro-competitive scale formation;
- Explicitly account for global competitive dynamics in merger assessments.

In increasing-returns environments, the first firm to reach efficient scale may generate positive externalities for the wider economy. Excessive fragmentation can therefore reduce, rather than protect, aggregate welfare.

Europe faces a strategic choice: remain an innovative but structurally sub-scale ecosystem whose leading firms are absorbed externally or create the regulatory conditions under which some companies can reach globally competitive scale.

A recalibrated competition framework – aligned with the economics of the digital age – would strengthen Europe's venture ecosystem, increase private capital formation, and improve the likelihood of building sovereign digital leaders.

The success of the Savings and Investment Union will depend not only on the mobilisation of capital, but also on whether scale is viewed as a strategic asset rather than a regulatory liability.

Question 4.1 What are the main cost drivers for small-size AIFMs in the EU?
Please specifically indicate the costs stemming from regulation and provide a quantitative estimate where possible:

For AIFMs managing less than EUR 500 million in AuM, the cost structure is heavily weighted towards fixed expenses, regardless of fund size. These costs are driven by regulatory, operational, and compliance requirements, and can significantly impact the economic viability of smaller managers. Please refer for further details to our response to the targeted consultation (see our answer to question 3.2).

Additional requirements imposed by certain Member States further increase fixed costs, reducing the competitiveness of smaller managers.

Question 4.2 What are the main cost drivers for mid-size AIFMs in the EU?
Please specifically indicate the costs stemming from regulation and provide a quantitative estimate where possible:

Mid-sized EU AIFMs face higher cumulative regulatory costs than comparable US and UK managers.

Generally, the main cost drivers for managers are depositary requirements, reporting obligations and organisational/ governance requirements.

These EU-level costs are further compounded by stricter or diverging national interpretations and additional registration fees. This fragmentation weakens the passport and places EU managers at a disadvantage compared to more centralised regimes such as the US.
In our view, regulatory registration and supervisory fees should be streamlined, e.g. NCAs should be required to justified fees.

Question 5. What specific regulatory measures and adjustments applicable to (a) small-size AIFMs and (b) mid-size AIFMs would result in the greatest reduction in burdens for these managers while maintaining investor protection safeguards, effective supervision and overall integrity of the market?

We think that the following measures and adjustments would result in the greatest reduction in burdens for small and mid-size AIFMs while maintaining investor protection safeguards, effective supervision and overall integrity of the market.

The current AIFMD threshold system would benefit from simplification and targeted revision to better reflect the realities of modern fund structures and investment strategies. A revised threshold system would enhance proportionality and support the diverse needs of both fund managers and investors.
Further details are included in our response to the targeted consultation (see in particular our answers to section 2).

Small-size and mid-sized AIFMs should benefit from a full management and marketing passport.
Cross-border management, distribution and deployment of capital are essential elements for enhancing the competitiveness of smaller players on the global landscape.

There is a need to streamline the current registration process, which can take 2–3 months (or longer, up to 6+ months in some cases), especially if documentation is incomplete or issues arise. This delays market entry and fundraising efforts. The process often resembles a full authorisation, with scrutiny disproportionate to the risks posed by small managers.

Compliance and reporting requirements should be proportionate to the size of the smaller managers. Compliance roles (e.g. Responsable de la Conformité/Compliance Officer, Risk Manager) often have disproportionate fixed costs.

We would also like to put emphasis on organisational structure mandates, which impact e.g. processes and the independence of functions.

Question 6. To what extent does the requirement to quickly adopt full-scope AIFMD obligations once assets under management exceed EUR 500 million discourage small-size AIFMs from growing beyond a limited size?

A very large extent
A large extent
A moderate extent
Some extent
Negligible or non-existent extent

Please explain your answer to question 6:

The transition from the small-size AIFMD regime to full-scope AIFMD compliance presents several significant challenges and impacts, particularly in terms of costs, staffing, regulatory oversight, and investor confidence.

1. Costs and staffing

Cliff-edge compliance: The 30-day period for full compliance is widely regarded as unrealistic and unviable. Please refer to our answer to question 2.2.

Significant cost increases: Managers face steep fixed costs even before AIFMD compliance, with additional layers of expense for dedicated compliance, risk management, valuation, depositary services, and enhanced reporting. The transition to full AIFMD adds further costs for governance and compliance infrastructure.

Staffing requirements: The need for dedicated compliance and risk management personnel, as well as enhanced reporting capabilities (e.g., under DORA), places additional strain on resources.

The volume of internal policies and procedures is expected to increase by approximately 40%, without a corresponding improvement in investor confidence.

2. Effectiveness of regulatory oversight

Increased reporting and disclosure: The expanded reporting and disclosure obligations, while intended to improve transparency, may not necessarily enhance the effectiveness of regulatory oversight. The administrative burden could divert resources from core investment activities, potentially reducing the overall quality of oversight.

National interpretations: Divergent national implementations of AIFMD can create additional compliance challenges, further complicating the regulatory landscape and increasing costs for cross-border managers.

3. Investor confidence

Loss of economic viability: The increased costs and operational complexity may erode the economic viability of smaller funds, potentially deterring managers from scaling or using structures like EuVECA. This could indirectly reduce investment capacity and limit the availability of capital for investors.

Indirect barriers: The transition may create indirect barriers that reduce the ability of managers to attract and retain investors, particularly if the perceived benefits of full AIFMD compliance do not outweigh the added costs and complexity.

4. Capital requirements and scaling

Deterrence to scaling: The additional capital requirements and compliance burdens may discourage managers from expanding their operations, limiting growth opportunities and potentially stifling innovation in the alternative investment sector.

5. Market strength

Discouraging small-size AIFM from growing above the threshold could lead to the proliferation of smaller players, which could impact on the strength of the overall ecosystem.

In summary, the transition to full-scope AIFMs imposes substantial costs and operational challenges, with uncertain benefits for regulatory oversight and investor confidence. The cliff-edge compliance timeline, increased staffing and reporting requirements, and potential loss of economic viability and overall market strength are key concerns for managers. Addressing these issues will be critical to ensuring a smooth transition and maintaining the attractiveness of the EU alternative investment market.

Question 7. Would you agree that the following aspects relating to the registration, set-up and operation of small-size AIFM with assets under management below EUR 500 million and the marketing of funds they manage are limiting the scaling-up and competitiveness of these fund managers?

a) Lack of standardisation of national registration requirements across Member States, including registration documents and registration deadlines:

Fully agree
Agree

Neutral
Disagree
Fully disagree

Please explain your answer to question 7. a), and provide evidence, including cost figures or estimates where available:

Divergent national registration regimes and the absence of a passporting mechanism create significant administrative hurdles and limit cross-border fundraising.
It is worth noting that any suggestion of harmonisation should avoid taking a one-size-fits-all approach, as this would overlook the intrinsic features and specificities of the VC and growth funds ecosystem. It will indeed be important to ensure that the implementation of rules remains tailored to market structures and the specifics of different asset classes.

The registration process can take 2–3 months (or longer, up to 6+ months in some cases), especially if documentation is incomplete or issues arise. This delays market entry and fundraising efforts. The process often resembles a full authorisation, with scrutiny disproportionate to the risks posed by small managers.

Some Member States impose additional, often disproportionate, marketing barriers and compliance obligations, further increasing costs and complexity.

Inconsistent supervisory practices across jurisdictions limit the ability of small managers to operate effectively across borders.

In terms of registration, we support the harmonisation of templates and deadlines across all the EU Member States, as well as the adoption of harmonised national supervisory practices. Currently, the regulatory landscape remains fragmented due to divergent national requirements imposed by the Member States.

To effectively address too strict and diverging national interpretations, we propose establishing a negative list of items that National Competent Authorities should be prohibited from requesting. This list could include, for example:

- Additional capital requirements beyond those specified in AIFMD or EuVECA;
- Internal policies and procedures that exceed regulatory requirements;
- Depositary requirements not mandated by the directive/regulation; and
- Registration deadlines extended beyond a clearly defined maximum period.

b) The absence of an EU management passport for small-size AIFMs:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. b), and provide evidence, including cost figures or estimates where available:

We support a full management passport with proportional requirements. Cross-border management, distribution and deployment of capital are essential elements for enhancing the competitiveness of smaller players on the global landscape.

c) The absence of an EU marketing passport for small-size non-EuVECA AIFMs operating under national legal frameworks:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. c), and provide evidence, including cost figures or estimates where available:

Small AIFMs should benefit from a full marketing passport, which would facilitate access to professional investors. There should be no barriers, costs or local interpretations hampering cross-border marketing.

d) The functioning of the marketing provisions under the EuVECA Regulation:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. d), and provide evidence, including cost figures or estimates where available:

The legal requirements for cross-border marketing/placement of EuVECAs on a cross-border basis is adequate and appropriate.

e) Being subject to ongoing reporting requirements, reporting frequency and templates:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. e), and provide evidence, including cost figures or estimates where available:

In our view, it is the frequency of reporting that drives the cost, rather than the reporting itself. Furthermore, we believe that small-size AIFMs should only be required to comply with Art. 24(1) of the AIFMD.

We would also like to point out that the methodology used for the leverage calculation is unclear, particularly with regard to derivatives instruments. This differs from other reports and disclosures, leading to inconsistencies.

f) Being subject to national measures and discretions relating to registration requirements:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. f), and provide evidence, including cost figures or estimates where available:

Divergent national registration regimes and the absence of a passporting mechanism create significant administrative hurdles and limit cross-border fundraising.
It is worth noting that any suggestion of harmonisation should avoid taking a one-size-fits-all approach, as this would overlook the intrinsic features and specificities of the VC and growth funds ecosystem. It will indeed be important to ensure that the implementation of rules remains tailored to market structures and the specifics of different asset classes.

The registration process can take 2–3 months (or longer, up to 6+ months in some cases), especially if documentation is incomplete or issues arise. This delays market entry and fundraising efforts. The process often resembles a full authorisation, with scrutiny disproportionate to the risks posed by small managers.

Some Member States impose additional, often disproportionate, marketing barriers and compliance obligations, further increasing costs and complexity.

Inconsistent supervisory practices across jurisdictions limit the ability of small managers to operate effectively across borders.

In terms of registration, we support the harmonisation of templates and deadlines across all the EU Member States, as well as the adoption of harmonised national supervisory practices. Currently, the regulatory landscape remains fragmented due to divergent national requirements imposed by the Member States.

To effectively address too strict and diverging national interpretations, we propose establishing a negative list of items that National Competent Authorities should be prohibited from requesting. This list could include, for example:

- Additional capital requirements beyond those specified in AIFMD or EuVECA;
- Internal policies and procedures that exceed regulatory requirements;
- Depositary requirements not mandated by the directive/regulation; and
- Registration deadlines extended beyond a clearly defined maximum period.

g) Being subject to national measures and discretions relating to own funds or capital buffer requirements:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. g), and provide evidence, including cost figures or estimates where available:

National measures and discretions relating to own funds or capital buffer requirements constrain the scaling-up and competitiveness of small-size AIFMs below EUR 500 million AuM.

Sub-threshold managers notably face fragmented registration regimes, no passporting mechanism, and sometimes lengthy registration processes that can resemble full authorisation despite their limited risk profile. Divergent supervisory practices and marketing barriers across Member States further increase legal uncertainty and cross-border complexity.

Additional national capital or own-funds requirements amplify these challenges. For small managers, such requirements represent high fixed costs that are not proportionate to AuM and directly reduce resources available for team growth, infrastructure and fundraising. Combined with reporting and compliance obligations that are often insufficiently scaled, this creates a structural disadvantage and delays access to efficient scale.

As highlighted in response to question f), national measures can in practice be tightened by regulators; overly high requirements should therefore be avoided.

A more harmonised and proportionate framework would enable small-size AIFMs to scale more effectively and compete across the EU without undermining investor protection.

h) Being subject to national depositary-related requirements:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. h), and provide evidence, including cost figures or estimates where available:

In several Member States, sub-threshold AIFMs face capital, depositary, reporting and governance requirements that closely mirror full AIFMD standards. These obligations are often disproportionate to the size, risk profile and professional investor base of these managers. Greater application of the proportionality principle – including calibrated capital requirements, simplified depositary oversight focussed on cash monitoring, or for professional-only funds, and streamlined reporting templates – would reduce burdens without weakening investor protection.

To effectively address too strict and diverging national interpretations, we propose establishing a negative list of items that National Competent Authorities should be prohibited from requesting. This list could include, for example:

- Additional capital requirements beyond those specified in AIFMD or EuVECA;
- Internal policies and procedures that exceed regulatory requirements;
- Depositary requirements not mandated by the directive/regulation; and
- Registration deadlines extended beyond a clearly defined maximum period.

Oversight tasks should be simplified to avoid duplication, including reliance on external audits for asset verification and valuation controls, focussing on cash monitoring for instance.

Where a depositary is not appointed, practical solutions should ensure continued access to banking services.

Finally, when transitioning to full-scope status, the depositary obligation should apply only once a clear materiality threshold is exceeded, with a structured phase-in period of at least 12 to 18 months to ensure orderly compliance.

i) Being subject to national measures and discretions relating to compliance reviews, audit, etc.:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. i), and provide evidence, including cost figures or estimates where available:

While robust AML controls are essential, their application in several Member States overrides the proportionality principle embedded in the AIFMD. Small-size AIFMs are often subject to AML-related compliance reviews, documentation, and audit expectations that mirror full-scope regimes, despite their smaller size and risk profile.

AML requirements under the AMLD should not de facto neutralise the lighter AIFMD regime. Greater harmonisation and a genuinely risk-based, proportionate application of AML rules are necessary to ensure a coherent framework and avoid undermining the scalability and competitiveness of small AIFMs.

j) Being subject to national registration and oversight-related fees, stamp duties and charges:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. j), and provide evidence, including cost figures or estimates where available:

For AIFMs managing less than EUR 500 million in AuM, the cost structure is heavily weighted towards fixed expenses, regardless of fund size. These costs are driven by regulatory, operational, and compliance requirements, and can significantly impact the economic viability of smaller managers.

Mid-sized EU AIFMs face higher cumulative regulatory costs than comparable US and UK managers.

Generally, the main cost drivers for managers are depositary requirements, reporting obligations and organisational/ governance requirements.

These EU-level costs are further compounded by stricter or diverging national interpretations and additional registration fees. This fragmentation weakens the passport and places EU managers at a disadvantage compared to more centralised regimes such as the US.
In our view, regulatory registration and supervisory fees should be streamlined, e.g. NCAs should be required to justified fees.

k) Being subject to national requirements for risk management:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. k), and provide evidence, including cost figures or estimates where available:

The risk management requirements of the AIFMD could be adapted for small-size AIFMs through a more proportionate, risk-based approach, while maintaining core safeguards. In addition, risk management, liquidity management and stress-testing requirements should be simplified for closed-ended strategies.

Imposing parallel or supplementary national risk management obligations risks creating fragmentation without delivering additional investor protection benefits. If there are still national specific requirements, they should remain limited to, and consistent with, the broader AIFMD framework tailored to small managers.

l) Being subject to national requirements for valuation functions:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. l), and provide evidence, including cost figures or estimates where available:

Small-size AIFMs should be exempted from national requirements on valuation functions. A clear valuation policy, referencing industry standards, is already standard practice and fully meets the needs of both investors and auditors of the AIFs under management.

Requiring a separate third-party valuer is deemed unnecessary where independent audits are in place. Prescriptive approaches, such as a rigid application of the IPEV guidelines, may not add value and could benefit from greater flexibility to reflect practical valuation methodologies.

National requirements should therefore be proportionate and avoid adding burdens that do not improve investor protection.

m) Being subject to national requirements for conflicts of interest:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. m), and provide evidence, including cost figures or estimates where available:

Small AIFMs should not be subject to national conflicts-of-interest requirements that override the proportionality and standards already established under AIFMD and EuVECA Regulation.

While some national flexibility may be appropriate for specific legal structures of regulated AIFs, the overarching framework provided by AIFMD and EuVECA is deemed sufficient to manage conflicts effectively.

n) Being subject to national discretions and measures in other areas eroding the advantage of being sub-threshold:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. n), and provide evidence, including cost figures or estimates where available. Please list the most burdensome national discretions and measures that erode this advantage:

Small-size AIFMs should not face national discretions or measures that erode the benefits of being sub-threshold. While we recognise the benefits of a UCI administrator, such as providing expertise and human and technical resources at a lower cost and with a local footprint, as well as helping to demonstrate tax residency and providing scalability, practices such as gold-plating add unnecessary complexity and cost.

o) Difficulty in raising institutional capital due to the frequent requirement by institutional investors to have full-scope AIFMD compliance, depositary oversight and robust reporting and a governance framework:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 7. o), and provide evidence, including cost figures or estimates where available:

The ability of small-size AIFMs to raise institutional capital can vary depending on the type of investor and the fund model.
The reporting framework itself is not an obstacle, but it does incur costs.
If applicable at all, a more staged approach to depository requirements should be considered, with the primary focus being investor protection. For example, for mid-sized AIFMs, the depository's role should primarily involve controls on the fund from an investor protection perspective, as well as cash monitoring requirements, and the level of oversight of the AIFM should be proportionate to its size.

p) Other regulatory factors:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please list the other regulatory factors you refer to in your answer to question 7. p), explain your answer and provide evidence, including cost figures or estimates where available:

Sub-threshold AIFMs should be able to use available technical tools efficiently, at reasonable fees, to comply directly with their obligations.

Question 8. Would you agree that the following aspects relating to the authorisation and the operational conditions and requirements applicable to mid-size AIFMs are limiting the scaling-up and competitiveness of these fund managers?

a) Full-scope AIFMD authorisation process and resulting compliance costs relating to the legal drafting, documentation and record-keeping requirements of organisational manuals and internal policies (such as on risk, conflict of interest, valuation, remuneration):

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 8. a), and provide evidence, including cost figures or estimates where available:

Certain aspects of the full-scope AIFMD authorisation process can limit the ability of mid-size AIFMs to scale and compete. In particular, remuneration requirements, including those applied to third-party management companies, can be particularly burdensome, potentially adding complexity without proportionate benefit for mid-sized managers.

b) Own funds requirements and/or professional indemnity insurance requirements:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 8. b), and provide evidence, including cost figures or estimates where available:

Own funds and professional indemnity insurance requirements can limit mid-size AIFM's scalability. Where such requirements are legally mandated, they increase demand and raise insurance premiums, adding significant operational costs that can disproportionately affect mid-size managers.

c) Depositary requirements (e.g. safekeeping, cash monitoring, oversight) and the resulting fees:

Fully agree

Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 8. c), and provide evidence, including cost figures or estimates where available:

The depositary requirements under the AIFMD could be adapted for mid-sized AIFMs through a more proportionate, risk-based approach while maintaining core safeguards. Similar to the EuVECA model, mid-sized AIFMs – particularly those managing illiquid, closed-ended funds marketed to professional investors – should be exempt from a full depositary regime. For non-custodial and illiquid assets. A proportionate alternative focused on cash flow monitoring and general oversight should be maintained for non-custodial and illiquid assets, as these measures provide adequate safeguards regarding fraud prevention. However, depositary duties regarding asset and share valuation, subscriptions and redemptions, the timely settlement of transactions and income distribution do not appear to add substantial added value for such closed-ended funds investing in illiquid assets. The strict custody and liability standards for such assets should also be reviewed.

Oversight tasks should be simplified to avoid duplication, including reliance on external audits for asset verification and valuation controls.

Where a depositary is not appointed, practical solutions should ensure continued access to banking services.

Finally, when transitioning to full-scope status, the depositary obligation should apply only once a clear materiality threshold is exceeded, with a structured phase-in period of at least 12 to 18 months to ensure orderly compliance.

d) Reporting requirements, particularly those in AIFMD Annex IV, auditing and annual report requirements, etc.:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 8. d), and provide evidence, including cost figures or estimates where available:

In our view, it is the frequency of reporting that drives the cost, rather than the reporting itself. Furthermore, we believe that mid-size AIFMs should only be required to comply with Art. 24(1) of the AIFMD.

We would also like to point out that the methodology used for the leverage calculation is unclear, particularly with regard to derivatives instruments. This differs from other reports and disclosures, leading to inconsistencies.

e) Remuneration rules and policies:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 8. e), and provide evidence, including cost figures or estimates where available:

In our opinion, these remuneration-related requirements should not apply to mid-sized AIFMs, or if they do, they should be significantly reduced.

f) Marketing and cross-border distribution-related issues, in particular local requirements and rules (such as prospectus translations, local counsel filings, local agent appointment), investor eligibility checks and requirements, distributor-related eligibility checks:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 8. f), and provide evidence, including cost figures or estimates where available:

Marketing and cross-border distribution requirements can pose operational challenges due to local requirements such as prospectus translations, local counsel filings, appointment of local agents, and investor or distributor eligibility checks.

However, these rules generally apply to all AIFMs operating in a given jurisdiction and similarly, EU managers face equivalent requirements when marketing abroad. As such, while they create administrative work, they do not uniquely disadvantage mid-size AIFMs relative to other market participants.

g) Taxation and taxation procedures:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 8. g), and provide evidence, including cost figures or estimates where available:

Taxation and related procedures can hinder the growth and competitiveness of mid-size AIFMs. Tax requirements, such as mandatory reporting under exchange of information regimes applicable within the EU's partially harmonised tax landscape, can notably represent a heavy burden for mid-size AIFMs, which have to comply with them despite not having the same size and resources as large asset managers. These requirements impose an administrative burden and therefore a cost that can, to some extent, hinder the development of their activities. In this regard, we would welcome any initiative aimed at simplifying and harmonising the EU framework, ultimately making these processes less costly for all economic actors, particularly mid-size businesses.

Additionally, mid-size AIFMs may not be eligible for certain tax incentives in national legislation that are designed for other types of small or mid-size businesses. Alternatively, the complexity or length of administrative processes for accessing them can act as a deterrent.

More generally, tax barriers for all market players, such as difficulties claiming refunds on withholding taxes or obtaining relief at source for income derived from investments, could weigh more heavily on mid-size AIFMs than on larger asset managers or large banking institutions.

Finally, national differences in substance conditions can create additional compliance costs and complexity, making cross-border expansion harder. Harmonising these conditions across Europe would reduce fragmentation and support growth. While the ATAD provides a helpful EU-wide framework and legal certainty, inconsistencies in national tax rules beyond ATAD still pose practical barriers to competitiveness.

h) Cross-border structuring, including rules on the use of aggregators and special purpose vehicles:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 8. h), and provide evidence, including cost figures or estimates where available:

Mid-size AIFMs are generally not limited by cross-border structuring rules, including the use of aggregators or special purpose vehicles. These rules do not pose significant barriers to scaling-up or competitiveness, as such structures are commonly used and well understood within the industry.

i) Investor transparency-related requirements:

Fully agree
Agree

Neutral
Disagree
Fully disagree

Please explain your answer to question 8. i), and provide evidence, including cost figures or estimates where available:

Investor transparency requirements generally do not prevent mid-size AIFMs from scaling up. However, regarding AML obligations, some harmonisation across Europe would be beneficial to reduce complexity and compliance costs for managers operating in multiple jurisdictions.

j) Environmental, social and governance rules and sustainability-related disclosures:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 8. j), and provide evidence, including cost figures or estimates where available:

These requirements add complexity and costs that can hinder scaling-up, especially as many EU investors still expect allocations to Article 8 or 9 ESG-labelled funds, even though meeting these expectations can be challenging for smaller managers.

k) Regulatory uncertainty and enforcement risks resulting in disproportionate compliance burdens:

Fully agree
Agree
Neutral
Disagree
Fully disagree

Please explain your answer to question 8. k), and provide evidence, including cost figures or estimates where available:

Regulatory uncertainty and enforcement risks can create disproportionate compliance burdens for mid-size AIFMs, particularly for new or emerging managers. Unclear guidance around what is permissible leaves them unsure how to operate, which can slow growth and hinder their ability to scale up competitively.

l) Other regulatory factors or matters:

Fully agree
Agree

Neutral
Disagree
Fully disagree

Please list the other regulatory factors or matters you refer to in your answer to question 8. l), explain your answer and provide evidence, including cost figures or estimates where available:

We are not aware of other regulatory factors or matters that limit the scaling-up or competitiveness of mid-size AIFMs.

Question 9. Are there any areas where additional or more stringent requirements on small-size AIFMs and/or mid-size AIFMs would be needed to mitigate possible risks, such as those relating to EU economic security and technology transfers?

There are no specific areas where additional or more stringent requirements should be imposed on small- or mid-size AIFMs. Issues like EU economic security or technology transfers are broadly relevant to all economic actors, not just AIFMs, and managing investment funds alone does not justify higher or disproportionate conditions for these managers.

Question 10. What types of regulatory actions and/or changes, if any, would you support regarding the regulatory issues set out in questions 7 and 8?
Please elaborate on the expected impacts of addressing these issues (particularly those with the most impact), including potential negative impacts or trade-offs:

A targeted approach to the regulatory issues raised in questions 7 and 8 should prioritise proportionality and clarity over the introduction of new requirements.

Divergent national practices, fragmented registration regimes, and inconsistent reporting that do not reflect the specific characteristics of the VC and growth funds ecosystem impose costs and slow cross-border growth for small- and mid-sized AIFMs. Streamlined registration processes, risk-based AML application, and clearer operational and reporting standards would enhance scalability and competitiveness without compromising investor protection.

While greater EU-level coordination could help reduce fragmentation, it remains essential to continue developing local supervisory expertise and maintaining the proximity of national regulators to ensure a proportionate framework that allows managers to operate efficiently across Member States without adding unnecessary complexity.

Question 11. Overall, do you see any major trade-offs, drawbacks or risks from simplifying and streamlining regulatory requirements for small-size AIFMs and mid-size AIFMs? For example, could there be negative impacts on the effectiveness of supervision, level playing field, the integrity of the market or investor protection?

Simplifying and streamlining regulatory requirements for small- and mid-sized AIFMs is unlikely to pose significant systemic risks. While regulatory intensity may be reduced, the potential negative impact on market integrity or investor protection is limited, as critical safeguards – such as AML measures – remain in place.

The expected benefits are substantial: increased creativity, entrepreneurial activity, and support for very early-stage innovation, all of which contribute to a vibrant VC and growth funds ecosystem. The trade-off is straightforward: while some risks and costs remain, the balance of pros and cons is clearly positive. Streamlined regulation would enhance efficiency and scalability for smaller AIFMs without undermining supervisory effectiveness or investor protection.

Question 12. Has the EuVECA regulatory regime delivered on its objective to facilitate SMEs equity financing and reduce financing costs?

Yes
No
Don't know/no opinion/not applicable

Please explain your answer to question 12:

Although the EuVECA marketing passport is considered a significant advantage, its uptake remains limited and the market is small. The Commission's services report few registrations and a small market size, while the industry cites the €500m AuM cap and restrictive fund rules as key constraints.

In addition, inconsistent national practices, such as lengthy timelines and authorisation-like scrutiny, undermine the simplified registration regime and can increase costs.

Overall, there is still a gap between the policy intent of the EuVECA Regulation and actual market uptake, meaning that it has not yet fully achieved its objectives. Where progress has been made, it is the result of managers' efforts to achieve the objective.

Question 13. Would targeted amendments to the EuVECA Regulation be justified to address operational shortcomings, improve consistency in its application and strengthen its role in financing the EU economy and fostering innovation?

Yes
No
Don't know/no opinion/not applicable

Please elaborate on which EuVECA rules should be revised:

The most impactful changes would notably focus on:

- Broadening investment flexibility to better reflect modern venture and growth financing structures. This is being achieved through a revision of eligible assets and a single, generally applicable definition of "qualifying portfolio undertakings", with the aim of enhancing scalability and attractiveness for investors.
- Introducing a management passport for sub-threshold EuVECA managers; ensuring that the passport is valid in all jurisdictions, eliminating the need for additional host-state notification or authorisation.

- Reducing duplication of compliance and registration requirements.
- Introducing a clear possibility to exit the EuVECA regime, with well-defined transitional provisions to avoid unnecessary regulatory costs and ongoing compliance burdens.

In addition, national divergences ('gold plating') should be minimised to prevent fragmentation, and the registration process should be streamlined to achieve a harmonised procedure applicable across all Member States. National supervisory practices should be coherent and consistent.

However, regulatory improvements alone may not be sufficient to strengthen the role of EuVECA funds/managers in financing the EU economy and fostering innovation. Greater impact could come from complementary measures, such as more accessible co-investment programmes by European public investors – provided these do not create additional burdens for AIFMs. It is worth noting that, while such programmes already exist, they are in some Member States difficult to activate.

Please explain your answer to question 13:

See above.

Question 14. Has the European social entrepreneurship fund (EuSEF) regulatory regime delivered on its intended objectives, particularly the objective to increase investments in social enterprises?

Yes
No
Don't know/no opinion/not applicable

Please explain your answer to question 14:

We note that, with only 15 funds currently available, uptake of EuSEF funds has been very limited throughout Europe. Labels that entail more flexible requirements and cover more than social objectives seem to be more attractive.

Question 15. Would a targeted review of the EuSEF regime significantly improve the functioning of this fund segment and scale up its investments?

Yes
No
Don't know/no opinion/not applicable

Please explain your answer to question 15:

In general, we believe that reviewing the EuSEF regime (and other European-level labels) would be beneficial, but only once the review of the Sustainable Finance Disclosure Regulation (SFDR) is finalised,

SFDR 2.0 should notably be used to assess labels. This would help to identify the extent to which labels can provide additional benefits for funds, as well as how they align with SFDR 2.0's

requirements and categorisation system. Mapping against SFDR 2.0 is also important in order to avoid possible confusion among investors regarding the potentially diverging and stricter requirements imposed by fund labels.

Question 16. Should potential regulatory alleviations under this initiative be in principle investment-style neutral (i.e. applied to a broad range of investment strategies) or should they rather be targeted specifically at EU fund managers operating in the venture and growth capital fund segments?

Investment-style neutral
Specific targeting
Don't know/no opinion/not applicable

Please explain your answer to question 16:

While the question is somewhat broad, in principle regulatory alleviations under this initiative should be primarily targeted at EU fund managers operating in the venture and growth capital segments, in line with the scope and policy objective of the initiative.

The purpose of the framework is to strengthen venture and growth financing in the EU – segments that play a key role in supporting innovative SMEs and scale-ups. Targeted measures would therefore ensure that any regulatory relief directly addresses the specific structural constraints faced by these managers, enhancing effectiveness and policy coherence.

At the same time, care should be taken to avoid unnecessary distortions or inconsistencies within the broader regulatory landscape.

However, given the initiative's focus, a specific and proportionate targeting approach appears more appropriate than a fully investment-style neutral one.

Question 17. Would you support more substantial regulatory alleviations specifically for EU investment fund managers whose strategies are primarily focused on investing in the EU priority areas (e.g. defence, the digital and green transitions), in particular those fund managers who attracted investments or co-investments from a publicly supported body or programme, such as InvestEU?

Yes
No
Don't know/no opinion/not applicable

Please explain your answer to question 17, outlining any potential benefits and drawbacks:

More substantial regulatory alleviations should not be limited to managers investing in specific EU priority areas or those benefiting from public support programmes such as InvestEU. Regulatory relief should apply equally to all eligible managers, irrespective of their investment focus.

Notably, alleviations should be based on the following non-exhaustive list of principles:

- Agnostic to the fund strategy;
- A staged approach (no cliff-edge);
- Proportionality;
- Risk-adjusted approach;
- Focus on investor protection.

If the policy objective is to channel capital into priority areas such as defence, digitalisation or the green transition, this should be achieved through targeted investment incentives or public support mechanisms, rather than through differentiated regulatory treatment.

Question 18. The Commission has identified strategic sectors of the EU economy that require significant additional financing to strengthen EU competitiveness (a competitiveness compass for the EU).
In your opinion, in which strategic sector(s) do companies face the greatest need for sector-focused risk capital provided by EU fund managers?

Defence, e.g. defence tech and dual-use technologies
Digital technologies, e.g. AI, quantum computing, semiconductors
Life sciences, e.g. biotech, health tech
Strategic industries, e.g. critical raw materials
Sustainability, e.g. clean tech, green tech, renewables
All of the above
Other

Please explain your answer to question 18:

All identified strategic sectors are relevant and require additional risk capital. In a fast-moving global environment, Europe needs strong and competitive players across the board. At the same time, public policy should recognise that performance and innovation are strongest where capital is available but not excessively abundant – striking the right balance between scarcity and oversupply is key to ensure performance.

That said, particular emphasis should be placed on:

- Defence, which has historically faced investment restrictions and has not been a primary focus of private capital, despite its growing strategic importance.
- Digital technologies, where strengthening European champions is essential to reduce structural dependencies on non-EU providers, particularly from the US.
- Sustainability and green technologies, where Europe already has strong capabilities, skills and regulatory leadership, creating favourable conditions to scale innovative companies.

While capital is needed across all strategic sectors, these areas currently present especially strong arguments for enhanced sector-focused risk capital support.

Please specify to what other sector(s) you refer in your answer to question 18, and explain you answer:

In addition to defence, digital technologies and sustainability, energy should also be highlighted as a strategic sector requiring risk capital. Energy is central to Europe's competitiveness and security. Major investments are needed in infrastructure, storage, grid modernisation and innovative generation technologies, particularly to reduce external dependencies.

Given its capital intensity and strategic importance, the sector would benefit from strong support from EU fund managers.

Question 19. From the perspective of companies in strategic sectors of the EU economy, what specific barriers prevent them from attracting and accessing risk capital provided by EU fund managers?

High administrative burden for companies caused by complex early-stage due diligence (regulatory status, grants, permits)
Lack of expertise relating to applying for financing among companies in innovative sectors
Fragmented funding landscape that leaves companies unsure where to turn for access to risk capital
Investors' risk aversion towards certain sectors or technologies due to real or perceived regulatory or investment cycle risk
Insufficient availability or scale of specialised investment funds targeting the relevant sectors
All of the above
Other notable barriers

Please explain your answer to question 19:

From the perspective of companies in strategic EU sectors, several barriers limit their ability to attract and access risk capital from EU fund managers:

- Investor risk aversion, particularly in sectors perceived as exposed to regulatory uncertainty, long development cycles or political sensitivity.
- Investment restrictions linked to public investors (e.g. where the European Investment Fund participates in an AIF), which can automatically exclude certain sectors such as defence.
- Limited exit opportunities, reducing the attractiveness of long-term or capital-intensive investments.
- Insufficient fund size, as many EU funds are too small to support later-stage or scale-up financing rounds.

Together, these factors constrain capital flows into strategically important sectors.

Please specify to what other barrier(s) you refer in your answer to question 19, and explain you answer:

N/A.

Question 20. How could the EU further support companies in strategic sectors to access risk capital from EU fund managers?

The EU could further support companies in strategic sectors by making existing co-investment programs – both European and Member State initiatives – more accessible and easier to activate, with market-driven terms and streamlined processes. Currently, these programs often fail to support the most promising "champion" companies, particularly in the technology sector, due to restrictions embedded in the programs themselves.

In particular, Member State initiatives could support innovation by acting as early buyers of EU-developed technologies (a Business-to-Government approach), using a transparent and accessible selection process to help scale promising innovations.

Complementary measures include joint efforts between companies, universities, and research institutes, and promoting the integration of basic research with economic applications to bridge the gap between innovation and market-ready solutions.

Question 21. Are there particular regulatory obstacles to investments or co-investments by business angels, including in a cross-border context, or to their involvement or participation in venture capital investments? Do you see scope for any specific adjustments either under the AIFMD or EuVECA frameworks or beyond that could remove these obstacles? Please elaborate on relevant measures and their expected impacts.

Significant tax incentives in several Member States are designed to encourage investment in local businesses and structures. While business angels could, in principle, invest in foreign vehicles, the availability of domestic tax relief creates a strong disincentive to do so, thereby limiting cross-border capital flows.
In addition, cultural, tax-related and legal obstacles at the target vehicle level add further complexity. Fund managers are often required to develop bespoke solutions to accommodate the regulatory and structural requirements of different jurisdictions, which increases costs and reduces efficiency.
Although robust AML/KYC procedures are essential, the requirements applicable to high-net-worth individuals can be particularly extensive. Where applied in a strictly uniform manner without sufficient risk-based proportionality, such requirements may create unnecessary friction without materially enhancing the overall effectiveness of anti-money laundering controls.

Question 22. Do you have any other comments, evidence or suggestions on the effectiveness, proportionality or future direction of this policy initiative?
Are there any other important issues that should be covered by this initiative?

A key factor for the effectiveness of this initiative is the size of the capital pool available for VC and growth funds. As long as this remains limited, regulatory changes alone will have little impact.

Increasing exposure from EU pension and insurance funds could significantly strengthen the market.

Other important considerations include:

- A more harmonised, risk-based and proportionate AML approach, tailored to the nature of the VC and growth funds ecosystem, would reduce inefficiencies without weakening safeguards.

- Promotion of the asset class within personal retirement plans, to broaden investor participation.
- Fostering a stronger investment culture in Europe that embraces innovation and accepts higher risk.
- Improving financial education, to support informed participation in venture and growth investing.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.