

**ELVINGER
HOSS** LUXEMBOURG
LAW

GERNANDT & DANIELSSON

R O Y C

Strategic Fund Architecture – Capturing the Next Wave of Private Capital

White Paper
September 2025

Written by Yves Elvinger, Jérôme Mausen, Niclas Rockborn, Arijan Kan, Mathias Leijon, Octavian Popescu, Steffen Pihlmann and Franck Chekroun.

About Elvinger Hoss

Elvinger Hoss was founded in 1964 by lawyers committed to excellence and creativity in legal practice. Since then, we have shaped a firm fit for one purpose; to deliver the best possible advice for businesses, institutions and entrepreneurs. Delivering this responsive service, to an exceptional degree of precision, means working a little differently. Our partners are uncommonly supportive of clients and of each other; we form cross-border arrangements with peers based on each case's demands; and our colleagues are unusually united around our values. We are proud to play a unique role in the development of Luxembourg as a financial centre. And we welcome like minds to open opportunities for the future.

About Gernandt & Danielsson Advokatbyrå

Gernandt & Danielsson is a leading Swedish business law firm renowned for its expertise in asset management and fund structuring. The firm advises domestic and international clients on the formation, structuring, and regulation of investment funds across all asset classes, including private equity, venture capital, infrastructure, and hedge funds. With deep market insight and a commercial approach, Gernandt & Danielsson offers tailored solutions that meet complex regulatory requirements while optimising operational flexibility.

About ROYC

ROYC is the leading European B2B financial technology company that provides a complete private markets operating system, empowering private equity firms, banks, wealth managers, and multi-family offices to seamlessly access, distribute, and manage private investments at scale. As private markets expand, financial institutions require scalable, technology-driven solutions to manage complexity, optimising fund operations, and delivering exceptional client experiences. ROYC combines state-of-the-art private markets technology with tailored fund structuring and investment solutions. Its intuitive, scalable platform replaces manual processes with automation and real-time data access, transforming how private market investments are managed across the entire fund lifecycle.

Executive Summary

Private equity fund architecture—once the domain of legal, compliance and operational specialists—has become a core board-level priority. A broadened LP base, new semi-liquid vehicles, and sweeping EU initiatives such as ELTIF 2.0 and the forthcoming Savings & Investments Union (SIU) demand structures that are both institutional-grade and retail-ready.

General Partners who treat legal, operational and technology design with the same rigour as deal selection will:

- Access fast-growing capital pools (mass affluent, insurance balance sheets, wealth platforms)
- Reduce absolute cost-to-serve through modular, digital operating models
- Accelerate speed-to-market via umbrella and master-feeder constructs
- Meet tightening regulatory requirements on valuation and disclosure

The next 24 months—particularly vintages launching in 2026–27—will set new market standards. This paper offers a practical roadmap for Heads of Fund Operations, COOs, CFOs, Heads of Legal, IR/BD teams, and Managing Partners.

Table of Content

Introduction: Fund Architecture Moves to the C-Suite	5
Why Broaden the LP Base Now?	8
High-Impact Use Cases for GPs	9
Roadmap for Decision-Makers	10
Operational Considerations for Efficient Fund Structuring and Platform Design	13
Structuring Toolbox: Fund Formats, Feeder Strategies & Liquidity Levers	14
AIFMD II Loan Origination and Liquidity Rules	17
Beyond ELTIF: Opt-up Strategies with EuVECA & EuSEF Labels	18
Regulatory Spotlights: What General Partners Need to Take Into Account	19
Summary and Key Action Points	21

1. Introduction: Fund Architecture Moves to the C-Suite

Over the past two years, the operational and legal plumbing of private equity funds has moved from the back office to the top of partner-meeting agendas. What has changed is a broadening of the LP base, increased product complexity, and the introduction of semi-liquid funds.

Regulation is pulling in the same direction. The 2024 update to the European Long-Term Investment Fund (ELTIF 2.0) regime opened the door to frequently valued, semi-liquid funds that can be marketed to the mass affluent. On 19 March 2025, the European Commission unveiled its Savings and Investments Union (SIU) strategy, signalling a late-2025 legislative package aimed at mobilising household savings through simplified fund passports, harmonised distribution rules, and a new “EU Savings & Investment Account.”

For General Partners, getting fund architecture right is now strategic, not operational. Selecting the wrong domicile, liquidity profile, or investor life-cycle management solution can both limit access to fast-growing capital pools and substantially increase the cost-to-serve; conversely, a well-structured legal and operational set-up will reduce absolute costs, improve scalability, drive incremental AuM, and substantially lower costs relating to fund life-cycle management.

Three waves interact and create a multi-decade opportunity space in Europe. Our belief is that vintages launching in 2026 and 2027 will have to set new standards for fund structuring and supporting delivery models due to a substantial increase in complexity:

- 1. Broaden product range** – Vehicles that sit outside the classic ten-year drawdown funds have increased.
- 2. Broader LP base** with different degrees of sophistication, including less sophisticated LPs with different demands regarding liquidity, information, reporting, and digitally native delivery models.
- 3. Regulatory changes** where the European Savings and Investment Union initiative aims at channelling trillions of EUR from low-yielding deposit schemes to productive and higher-yielding investments.

This brings opportunity—and complexity. A manager that once ran a single vintage fund from one domicile must now manage multiple jurisdictional feeders, multiple product types (drawdown, evergreen, ELTIF 2.0/Part II Fund), and side-by-side single managed accounts and co-invests, all while serving LPs whose sophistication ranges from sovereign wealth to first-time high-net-worth investors, throughout fund life-cycle management.

In short, fund formation and structuring, and platform design, have become strategic differentiators as well as key determinants of underlying GP profitability.

Exhibit 1

Why Legal, Operational and Tech Architecture Will Decide Competitive Edge:



Capital Access

The wrong structure can exclude a GP from fast-growing channels such as wealth-manager platforms or insurance balance-sheet mandates.



Speed to Market

A modular master-feeder or umbrella structure lets GPs launch follow-on strategies or continuation vehicles in weeks, not quarters.



Risk and Valuation

Evergreen liquidity mechanisms—swing pricing, redemption gates, monthly NAV—must be embedded in platform solutions, not bolted on later.



Data and Reporting

Divergent LP bases require harmonised look-through data, ESG metrics and cash-flow forecasting that only a unified tech stack can deliver.

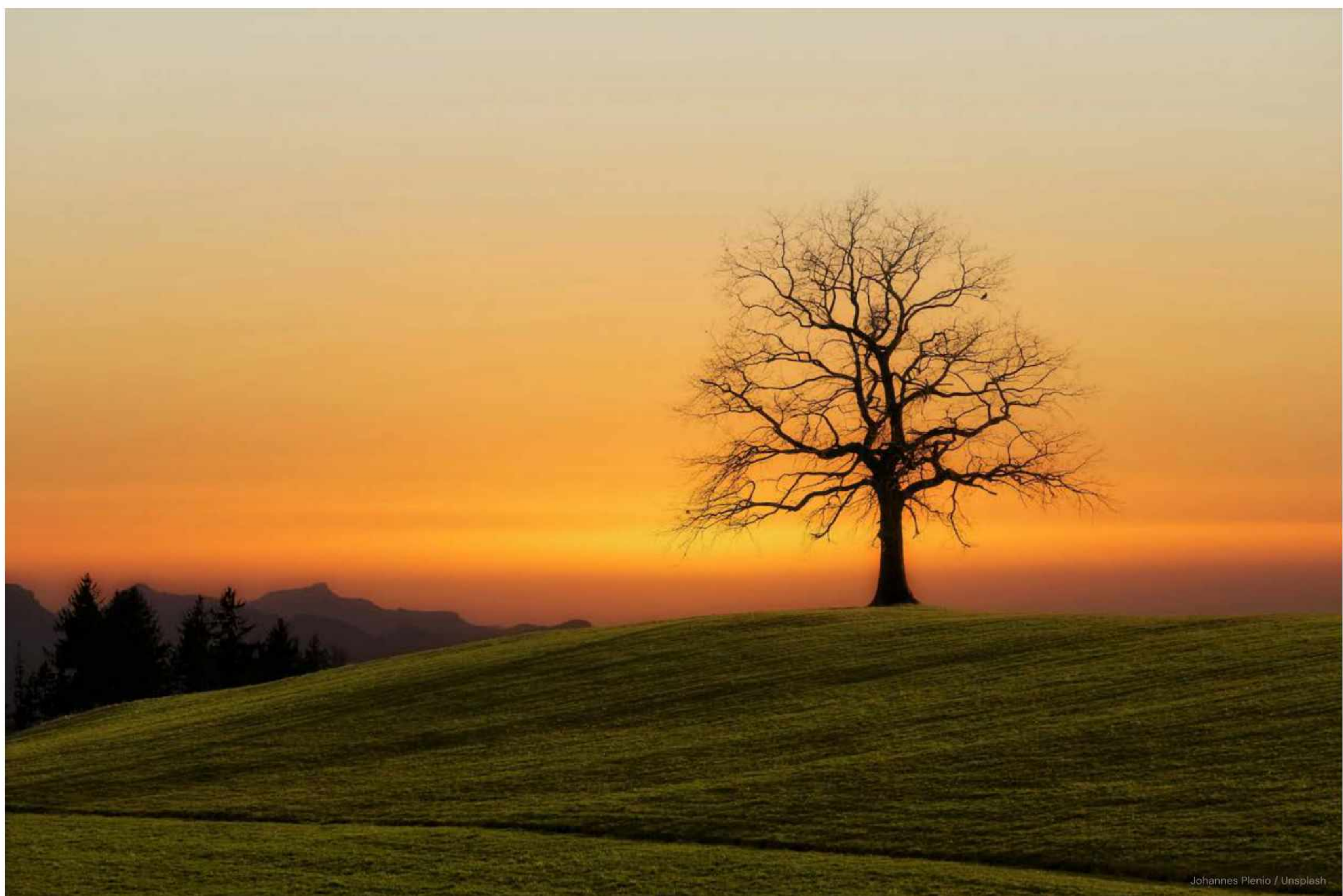
Why Multiple Structures Remain Essential in Europe

Despite regulatory harmonisation efforts, the European fund landscape will continue to demand multiple legal structures to operate effectively across jurisdictions. This is not a sign of inefficiency—but of pragmatic adaptation to complexity.

Tax structures remain a key driver. Investors in different jurisdictions face varying tax treatments, requiring tailored fund vehicles to optimise outcomes and avoid unintended tax leakage. Similarly, tax blockers are often necessary to shield investors from direct exposure to underlying operating income, particularly when investing in jurisdictions with aggressive taxation regimes.

Local preferences also play a decisive role, despite the ELTIF gaining more international recognition and ease of marketability. Institutional investors in Germany may favour Spezialfonds, while French investors might prefer an FCPR, and Swedish investors prefer SAB structures. These preferences are not merely cultural—they're deeply embedded in local regulatory, accounting, ecosystem, and operational frameworks.

Rather than a problem, when correctly managed, a peaceful coexistence of structures is a strength, since it allows General Partners to build efficient, investor-centric fund platforms that respect national differences while accessing capital across the EU and beyond.



2. Why Broaden the LP Base Now?

Private equity’s traditional core investor base—pensions, sovereign wealth funds, and endowments—is nearing capacity in terms of allocation. Meanwhile, European households hold approximately 34% of their assets in bank deposits and currency—versus just 14% in the U.S.—leaving much of Europe’s €13.9 tn in savings idle. Today, policymakers, banks, fund formation and structuring legal firms, and technology providers are aligning to redirect this low-yielding and non-productive wealth into long-duration private investments.

For private markets GPs, the opportunity lies in designing regulated, transparent vehicles that can prudently intermediate between household savings pools and long-duration private assets.

GPs that act decisively—retooling distribution, product structures, and governance within the next 24 months—can secure a structural cost-of-capital advantage.

Exhibit 2

Key Market Drivers



EU Policy Drive

The EU’s “Savings and Investments Union” seeks to unlock €750–800 bn annually by rerouting household deposits (~34% of assets) into capital markets. With Europe’s deposit-heavy savings profile (~34%) contrasted with the U.S.’s (~14%), this policy aims to overcome a structural drag in deploying risk capital and revitalise productivity growth in Europe.



GP Margin Compression

In 2024, average buyout fund management fees declined to 1.74% of committed capital, down from 1.85% in 2023—the lowest level since records began. Rising performance hurdles are also compressing carried interest distributions, challenging GP economics and motivating them to seek new LP segments.



Technology-Driven Scale

New modular, cloud-native operating systems have the potential to digitise the entire fund life cycle—from virtual DD room to onboarding, account set-up, KYC, and subscription through to ongoing management of capital calls and performance reporting—supporting both institutional and retail-friendly feeder vehicles. Besides enabling sub-€25k subscriptions across fund, co-invest, and semi-liquid instruments, more importantly it substantially reduces cost-to-serve and opens pathways to high-volume, lower-ticket capital flows.



Traditional Publicly Oriented Asset Manager Under Pressure Driving Bank and Wealth Manager Interest

European asset managers saw post-fee revenue margins compressed to 26 bps of AUM in 2024—making a pivot towards higher-margin private market offerings more appealing. Passive and index funds are growing with substantially lower fees than more actively managed ones. Private banking clients are also increasingly aware that ~85% of companies with an enterprise value above \$1 bn remain private, and many high-quality companies choose not to list due to private markets now offering almost the same depth of capital as the public market.

As a result, Preqin projects that private-wealth channels will drive over 20% of net private equity inflows by 2030. This opportunity is real—and immediate.

Sources: European Commission (SIU, 2025); Financial Times; McKinsey Global Private Markets Report 2025; ESMA Market Report on Costs & Performance 2024; ICI Research Perspective 2025; ROYC Group corporate materials

3. High-Impact Use Cases for GPs

This white paper explores the most compelling use cases for GPs looking to scale efficiently, access new investor bases, and future-proof their operations. These include:

1. Locally based GPs expanding across Europe

Regional GPs in Europe seeking to expand cross-border by combining their local infrastructure with multi-jurisdictional capabilities—typically at a post-second-vintage stage of growth.

2. US or Asian GPs entering Europe

GPs based in the US or Asia seeking a streamlined, end-to-end fund structure and operational platform to access the growing pool of European assets under management (AuM) efficiently.

3. Expanding into semi-liquid/Part II Fund strategies

Managers looking to complement their existing closed-end structures with semi-liquid or Part II Fund vehicles to broaden their product offering and investor appeal.

4. GPs expanding from local to cross-border structures

Firms with established vintages and a primarily domestic LP base exploring other cross-border domiciles to enhance international fundraising and institutional growth.

5. First-time GPs setting up new platforms

Emerging managers launching their first fund platform and seeking an institutional-grade structure from day one to ensure scalability and credibility.

General Partners who approach fund structuring, fund life-cycle management, and platform enablement with the same strategic discipline they apply to deal selection will not only sustain AuM growth, but also ensure that growth is profitable, scalable, and delivers increased incremental margins.

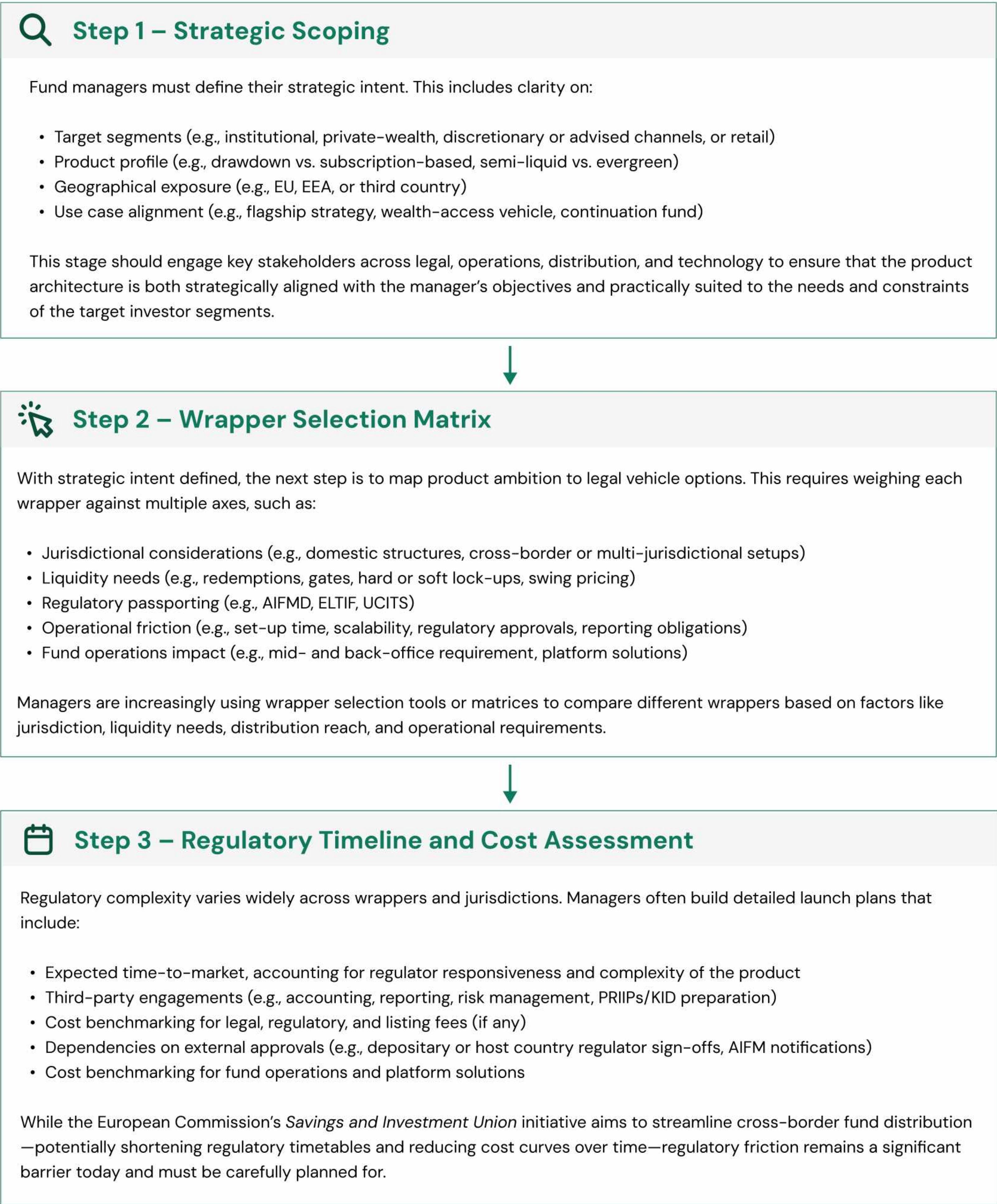
4. Roadmap for Decision-Makers

Navigating the fund formation and structuring landscape in today’s market requires a structured, interdisciplinary approach. Fund managers must align legal, operational, and technological decisions with distribution strategy and investor expectations from day one.

This roadmap sets out five key stages to guide internal stakeholders and external advisers towards an efficient, scalable, and future-ready solution.

Exhibit 3

Five-Stage Guide for Internal Stakeholders and External Advisers Towards an Efficient, Scalable, and Future-Ready Solution



Step 4 – Platform-Driven Operating Model vs Fragmented Provider Stack

Fund structures require more than just legal architecture—they rely on a cohesive operational ecosystem to function at scale. Traditionally, managers would source and manage each service provider independently: fund administrator, depositary, audit, technology platforms, reporting, and compliance. While feasible in early vintages, this model quickly becomes costly, slow, and operationally fragmented—particularly as product lines expand and LP expectations evolve.

An increasingly preferred alternative is to work with an independent platform partner that offers an integrated, outsourced solution. Platform specialists coordinate and manage the full-service provider stack on behalf of the General Partner—delivering a unified, end-to-end operating model from day one.

- One operating layer, eliminating costly duplication and manual hand-offs across siloed vendors
- Integrated investor experience, including LP portals, digital onboarding, and ESG/reporting tools
- Pre-sales virtual data rooms, seamlessly transitioning into account set-up, subscription, and LP portal access
- Interconnected managed account and co-investment structures, reducing friction in complex strategies
- Scalable coverage, across jurisdictions, fund types, and investor segments (institutional and private-wealth)

Rather than assembling providers piecemeal and retrofitting infrastructure later, forward-looking GPs now design fund architecture and the operational delivery model together with their providers—treating the platform as a strategic enabler, not a post-launch patchwork.



Step 5 – Distribution Activation

Once the structure and operating model are in place, activation is where planning becomes actual capital inflow. Distribution activation involves:

Local market registration and passporting, enabling access across EU jurisdictions

Operational readiness for inflows, redemptions, and investor communications

Platform onboarding to distribution channels, including private banks, wealth managers, and insurance-linked platforms

A well-integrated operating platform accelerates this phase—handling subscriptions, regulatory disclosures, and capital account setup in a seamless digital flow. It also positions managers to remain agile as regulations shift and LP preferences evolve, ensuring that product delivery stays aligned with market dynamics throughout the fund life cycle.

Exhibit 4

Structuring Features

	Part II	SIF	SICAV ²	SICAF	RAIF	Limited partnership ¹
Legal form:						
Corporate form	Yes ³	Yes ³	Yes ³	Yes	Yes ³	Yes
Contractual form	Yes ⁴	Yes ⁴	No	Yes ⁵	Yes	n/a ⁶
Fixed (F) / Variable capital (V):	F/V	F/V	F/V	F	F/V	F/V
Issue of securities:						
Issue price	<p>Open-ended SICAV/FCP: net asset value</p> <p>Closed-ended SICAV/FCP: no legal constraints, in accordance with the constitutive documents</p> <p>SICAF: no legal constraints, in accordance with constitutive documents</p>	No legal constraints, in accordance with constitutive documents	No legal constraints, in accordance with constitutive documents	<p>Securitisation fund: No legal constraints, in accordance with management regulations</p> <p>Securitisation company: Debt: contractual freedom and Luxembourg or foreign law Equity: Company Law and articles of incorporation</p>	No legal constraints, in accordance with constitutive documents	No legal constraints, in accordance with limited partnership agreement
Partial payment	FCP/SICAF: Yes SICAV: No	Yes	Yes	Yes	Yes	Yes
Multiple compartments umbrella:	Yes	Yes	Yes	Yes	Yes	No
Classes of shares:	Yes	Yes	Yes	Yes	Yes	Yes
Dividend distribution	<p>SICAV/FCP: no statutory restrictions, except minimum capital/net assets</p> <p>SICAF: restrictions of the Company Law</p>	<p>SICAV/FCP: no statutory restrictions, except minimum capital/net assets</p> <p>SICAF: restrictions of the Company Law</p>	No statutory restrictions, except minimum capital	<p>Securitisation fund: no statutory restrictions</p> <p>Securitisation company: Company Law – waterfall</p>	No statutory restrictions, except minimum capital	No statutory restriction
Minimum dealing frequency:	Once a month, derogation possible	No minimum required	No minimum required	No minimum required	No minimum required	No minimum required

1 This description of the Limited Partnership is restricted to situations where it is not used to set-up a RAIF, a Part II Fund, a SIF or a SICAR (in these latter cases, the Limited Partnership enjoys the flexibilities offered by the specific law applying to these investment structures (i.e. the RAIF Law, the UCI Law, the SIF Law or the SICAR Law).

2 The corporate form commonly used is the public limited company (“SA” – société anonyme), which is in any case the sole corporate form available for a UCITS SICAV.

3 The corporate forms commonly used are the public limited company (“SA” – société anonyme), the partnership limited by shares (“SCA” – société en commandite par actions), the common limited partnership (“SCS” – société en commandite simple) and the special limited partnership (“SLP” – société en commandite spéciale).

4 The contractual form used is the fonds commun de placement (“FCP”).

5 Contractual forms of securitisation vehicles are securitisation fund or fiduciary arrangements.

6 The SLP in particular is very similar to the Anglo-Saxon LP. It has no legal personality and although qualifying as a company, it is characterised by freedom and flexibility in its structuring (e.g. it is subject to a limited number of mandatory provisions).

5. Operational Considerations for Efficient Fund Structuring and Platform Design

As regulatory developments such as ELTIF 2.0 and the EU's Savings and Investments Union expand access to semi-liquid and retail capital, fund architecture has become a core strategic lever for General Partners. Legal structuring, jurisdiction selection, and liquidity design now directly affect distribution reach, time to market, cost efficiency, and fund scalability.

Managing multiple fund types across jurisdictions—while serving both institutional and private-wealth channels—requires an operating model that is modular, scalable, and technology-enabled. Integrated platforms that support end-to-end fund life-cycle management, including investor onboarding, NAV reporting, and capital call workflows, allow GPs to operate more efficiently and meet growing investor expectations.

A feeder-agnostic and fund administrator-agnostic operating model is increasingly important. Flexibility in integrating different service providers reduces dependency risk and improves operational resilience. In addition, the ability to connect seamlessly with banks and wealth managers—including support for nominee account creation and third-party onboarding—has become essential for accessing private-wealth distribution at scale.

Platforms that meet these criteria enable faster deployment of new vehicles, better alignment with regulatory expectations, and broader access to capital pools—particularly in wealth and insurance channels.

6. Structuring Toolbox: Fund Formats, Feeder Strategies and Liquidity Levers

Fund structuring decisions are critical in shaping investor access, regulatory compliance, and operational efficiency. This section outlines key tools and considerations—ranging from open- vs closed-ended fund formats to master-feeder structures and listing options—that managers can leverage when designing Luxembourg Part II fund platforms for global capital raising.

Open- vs Closed-Ended (Liquidity Engineering)

Funds may be structured as open- or closed-ended, depending on liquidity profile and target investor type. Open-ended funds typically offer redemptions based on net asset value, while closed-ended vehicles may issue shares at fixed prices and operate on a commitment basis, and can trigger additional regulatory requirements if marketed publicly.

Master-Feeder and Parallel Fund Design

Managers can combine master-feeder or parallel fund structures to meet jurisdictional, tax, or investor-specific needs. Local feeders may be preferred in some regions, while parallel vehicles offer greater autonomy. Many managers adopt hybrid models to balance efficiency and flexibility.

Local parallel funds are still required for non-ELTIF Part II funds in certain jurisdictions such as France, where regulatory frameworks limit direct marketing to retail or semi-retail investors unless the fund is established under local law. Similarly, some investor groups—including those in markets such as Australia, Japan, and parts of the Middle East—may prefer or even require investment through locally domiciled feeder vehicles due to tax treatment, regulatory familiarity, or internal compliance restrictions.

Listing Illiquid Vehicles

In certain jurisdictions, a listing may be necessary for retail access—even if the fund is not actively traded on an exchange. Technical listings can enhance visibility and enable eligibility for specific distribution channels, though secondary liquidity often remains limited.

Feeder vs Parallel Vehicles

Choosing between feeder funds and parallel vehicles depends on investor preferences, tax efficiency, regulatory constraints, and operational complexity. Feeder structures offer centralised portfolio management and economies of scale, with local feeders enabling targeted access for specific jurisdictions or investor types. Parallel vehicles, by contrast, provide greater structural flexibility and jurisdictional autonomy, which may be required for certain regulatory or tax reasons. In practice, a hybrid approach is often used—combining a Luxembourg master with local feeders for eligible investors, and parallel vehicles where full structural separation is needed.

Key Regulatory Frameworks: ELTIF, AIFMD II and National Rules

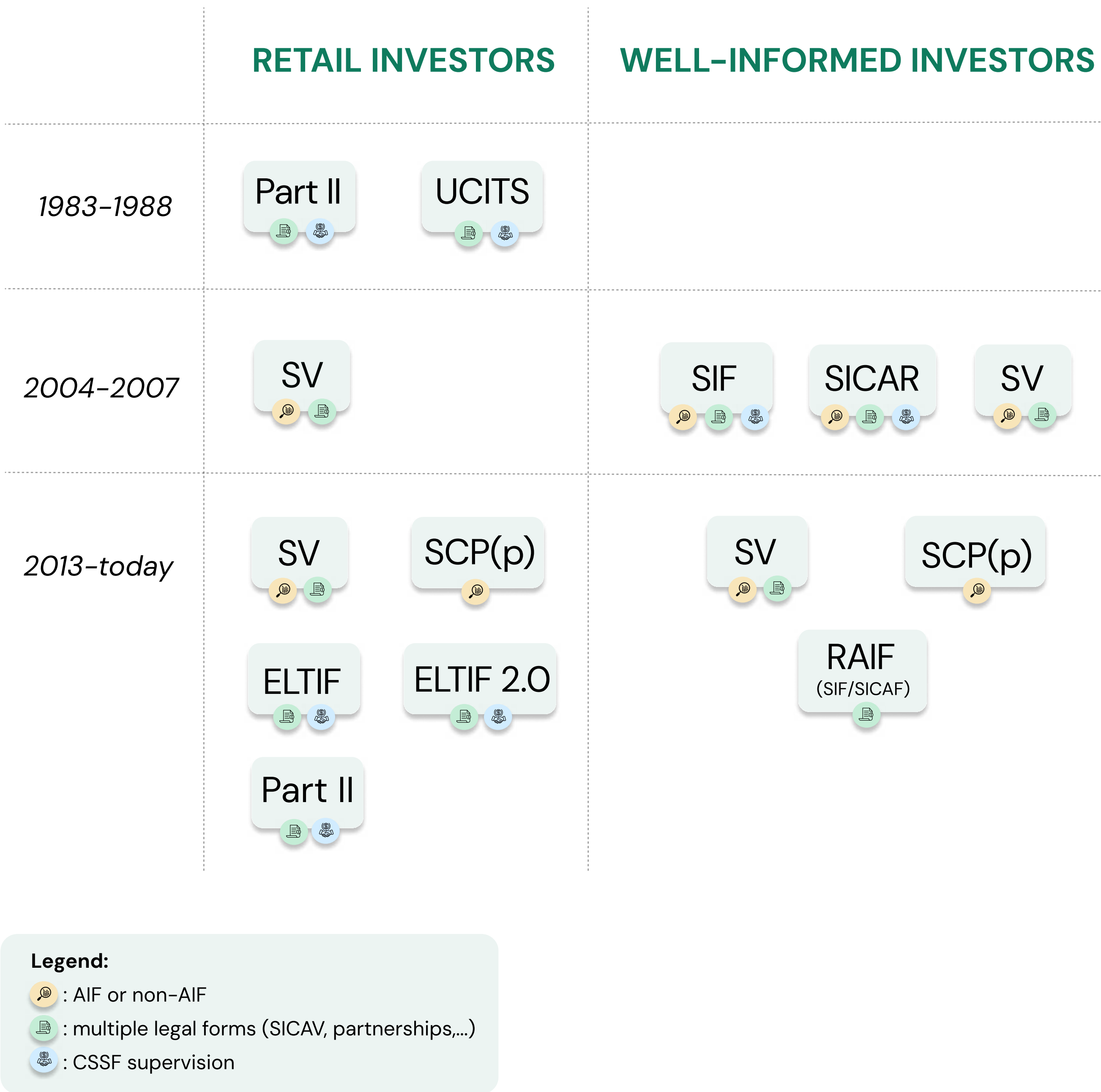
Several evolving EU-level frameworks are reshaping how private market funds are structured and marketed—particularly toward non-institutional investors. While specific legal regimes (e.g., ELTIF, AIFMD, UCITS) vary in scope and application, managers must consider:

- **Marketing access:** Rules around retail, semi-retail, and professional investor access differ across jurisdictions and wrapper types.
- **Investment restrictions:** Regimes such as ELTIF include asset eligibility, diversification, and leverage constraints.
- **Subscription thresholds:** Minimum investment sizes may vary based on fund classification and investor type.
- **Liquidity requirements:** Open-ended and semi-liquid funds face expectations around valuation, dealing frequency and liquidity tools.

Rather than anchoring structuring decisions to a single regime or jurisdiction, managers increasingly combine EU-wide passports with local solutions—balancing regulatory alignment, investor familiarity, and operational scalability.

Exhibit 5

Overview of Luxembourg Investment Vehicles



More on ELTIF

The European Long-Term Investment Fund (“ELTIF”) Regulation (the “ELTIF Regulation”) enables AIFMs to market their AIFs in the EU with a passport to retail investors. A Part II Fund (or a compartment thereof) may be set up as an ELTIF to release the full potential of the ELTIF retail marketing passport, but the ELTIF Regulation contains a series of investment limitations, and the eligibility of alternative portfolios—such as infrastructure, real assets, private equity, or SME lending—needs to be duly assessed case by case.

ELTIF offers a better marketing passport than AIFMD, as it gives access to retail investors across Europe. As the ELTIF is in essence a label and a regulation which applies on top of existing rules, it is possible to structure an ELTIF as a Part II Fund, but other fund regimes are possible, in particular RAIFs and SIFs.

Since ELTIF 2.0, a number of flexibilities have been introduced, notably regarding borrowing (an ELTIF marketed to retail investors can borrow up to 50% of the NAV), which allows managers to pursue more capital-intensive investment strategies or improve deployment efficiency.

In terms of diversification, and subject to the relevant product regime, an ELTIF must invest at least 55% of its capital in ELTIF-eligible investment assets, and the range of investments has been extended.

More on AIFMD II

AIFMD II must be implemented by EU Member States within two years of its entry into force (15 April 2024) and will become applicable from 16 April 2026, subject to specific transition provisions for existing loan-originating AIFs and for the new reporting requirements (three-year transposition period for the new reporting requirements of Art. 24).

7. AIFMD II Loan Origination and Liquidity Rules

The AIFMD II rules on loan origination and liquidity management apply primarily to EU AIFMs managing direct lending strategies. Relevance depends on the fund’s structure (open-/closed-ended, semi-liquid), strategy (e.g. credit, real estate debt), and timing (pre-/post-15 April 2024).

These rules affect both newly launched and legacy funds, with application depending on structure (e.g. open- or closed-ended), strategy (e.g. credit or real estate debt), and whether the fund was established before or after 15 April 2024. They also clarify conditions under which open-ended debt funds are permitted, the need for liquidity tools, and requirements around risk retention and internal controls.

A loan-originating AIF (LOF) is a fund that issues loans as a core activity. These are generally expected to be closed-ended to avoid forced asset sales, but open-ended structures are allowed if appropriate liquidity management systems are in place.

Leverage is capped at 175% of NAV for open-ended LOFs and 300% for closed-ended ones. Additional requirements include 5% risk retention on loan transfers, a 20% borrower-exposure cap, and restrictions on lending to affiliated entities. Formalised procedures and regular reporting are also mandated.

Funds launched before 15 April 2024 benefit from a five-year transition period. These funds may maintain existing exposures but cannot exceed defined limits. Those not raising new capital post-April 2024 are exempt from the borrower cap.

For loans originated before AIFMD II takes effect, exemptions apply—such as relief from retention and connected-party lending rules—providing flexibility during the transition.

Finally, open-ended AIFs investing in illiquid assets such as loans must comply with strengthened EU liquidity management requirements.

Exhibit 6

Structure type	AIFMD II Loan Origination Rules Apply?	Notes
Closed-ended AIF	✔ Yes	Default structure expected for loan-originating AIFs
Open-ended AIF	✔ Yes	Permitted only with proper liquidity tools and alignment
Semi-liquid AIF Open-ended AIF	✔ Yes	High compliance complexity; subject to both origination and liquidity alignment rules

8. Beyond ELTIF: Opt-up Strategies with EuVECA and EuSEF Labels

While ELTIF remains the primary label for retail distribution of long-term private-market funds, two other EU frameworks—EuVECA (European Venture Capital Funds) and EuSEF (European Social Entrepreneurship Funds)—offer niche structuring options for smaller, targeted strategies. These regimes may be particularly relevant for managers seeking lighter compliance burdens or focusing on early-stage or impact-oriented investments.

The EuVECA Regulation enables authorised AIFMs to market qualifying venture capital funds across the EU to certain eligible investors, even if they fall below the AIFMD thresholds. Similarly, EuSEF supports funds investing in social enterprises. Both labels are available for funds that meet strict asset-eligibility criteria—such as investing at least 70% in qualifying portfolio undertakings—and are limited to managers with AUM below €500 million (if not using leverage).

Compared to ELTIF, these labels offer simplified registration procedures, lower minimum capital requirements, and fewer ongoing reporting obligations, making them appealing for first-time managers, early-stage funds, or impact funds looking to access cross-border capital with lower friction.

While no amendment to EuVECA and EuSEF has been explicitly proposed yet, possible topics for future review may include expanded definitions of qualifying investments, semi-retail marketing guidance, or raised AUM thresholds.

These tools, while narrower in scope than ELTIF and not as widespread, can be strategically valuable in structuring vehicles with mission-driven or innovation-focused strategies.

9. Regulatory Spotlights: What General Partners Need to Take into Account

With several key regulatory changes being implemented in recent years, fund managers need to anticipate how structuring, compliance, and distribution will be affected. This section summarises the most operationally relevant rules, highlighting what managers need to know to improve decision-making.

ELTIF 2.0 Flexibilities

ELTIF 2.0 Flexibilities (effective 10 Jan 2024) – Retail-marketed ELTIFs may borrow up to 50% of NAV (with a temporary 12-month suspension of limits around capital raising or downsizing) and must invest at least 55% in eligible long-term assets (scope broadened under the revised regime). An ELTIF can be layered on a Part II Fund or other Luxembourg wrappers (e.g. RAIF, SIF) to enhance EU retail passporting; suitability and appropriateness checks apply.

AIFMD II – Loan-Originating AIFs

In force 15 April 2024; Member State transposition due 16 April 2026. Leverage caps: 175% (open) / 300% (closed). 5% retention on loan transfers; 20% cap per borrower (financial institutions / AIF / UCITS). No loans to connected entities. Formal credit policies; enhanced reporting. Transition for existing LOFs (pre-15 April 2024) until 16 April 2029; restrictions on increasing above caps. Derogations for pre-in-force loans (procedures, connected parties, retention).

Liquidity Management Tools (Open-Ended AIFs)

Select at least two LMTs from Annex V (except MMFs, which may select one). Establish activation/deactivation policies; disclose to investors; and notify the competent authority upon activation. Integrate with swing pricing, redemption gates, and dealing-frequency design.

Technical Listing of Illiquid Vehicles

Listings (Luxembourg Regulated Market, EURO MTF, EM3S) are typically technical for private-asset funds—secondary liquidity generally occurs through the fund, not exchange order books. Communicate clearly to avoid implying continuous tradability.

Local Feeder / Parallel Structures

Marketing non-ELTIF Part II funds into certain jurisdictions (e.g. France) may require a local parallel fund; some investor segments (e.g. Australia, Japan) prefer local feeder wrappers for tax or operational familiarity.

Summary and Key Action Points

Europe's private-capital market is evolving, with regulation (ELTIF 2.0, AIFMD II), product innovation, and growing interest from private-wealth channels reshaping the fund-structuring landscape. Legal frameworks, operational infrastructure, and platform technology are no longer secondary considerations—they are core components of a General Partner's capital-formation strategy.

In this context, fund managers need to make informed structural and operational decisions well in advance of the 2026–2027 vintage cycle. The combination of new investor segments, regulatory expectations, and increased product complexity requires a forward-looking approach to fund architecture.

Key Considerations for GPs:

- Broaden capital access through appropriate legal wrappers (e.g., ELTIF, Part II Fund) that support semi-liquid and cross-border retail distribution.
- Approach structuring strategically, aligning legal, operational, and technology layers with target investor profiles and distribution plans from day one.
- Adopt integrated platform models to reduce cost-to-serve, improve scalability, and support both institutional and private-wealth distribution.
- Design for flexibility, using a combination of feeder and parallel vehicles to accommodate jurisdictional and investor-specific requirements.
- Plan for upcoming regulatory changes, including the implementation timelines for AIFMD II and the EU's Savings and Investments Union, to avoid delays and additional costs later in the cycle.

To remain competitive and scalable, General Partners should act within the next 12 months to align fund structures with future market requirements.

About the Authors

Elvinger Hoss



Yves Elvinger, Partner
yveselvinger@elvingerhoss.lu



Jérôme Mausen, Counsel
jeromemausen@elvingerhoss.lu

Gernandt & Danielsson Advokatbyrå



Niclas Rockborn, Partner
niclas.rockborn@gda.se



Arijan Kan, Senior Associate
arijan.kan@gda.se

ROYC



Mathias Leijon, Founder & President
mathias.leijon@roycgroup.com



Octavian Popescu, Founder & CEO
octavian.popescu@roycgroup.com



Steffen Pihlmann, Managing Partner Nordics
steffen.pihlmann@roycgroup.com



Franck Chekroun, Head of Fund Structuring & Legal
frank.chekroun@roycgroup.com


Disclaimer

This white paper is provided for general information purposes only and does not constitute, and should not be relied upon as, legal, tax, investment, or other professional advice within the meaning of applicable European Union or national laws. The content reflects solely the opinions and interpretations of the authors and the contributing firms at the time of publication. It is not intended to address the circumstances of any particular individual or entity, and may not reflect the most current legal or regulatory developments in the European Union, the European Economic Area, or specific Member States.

Readers should not act upon the information contained herein without obtaining appropriate professional advice from qualified legal or other advisers licensed in the relevant jurisdiction. While every effort has been made to ensure the accuracy of the information at the date of publication, no representation or warranty, express or implied, is given as to its accuracy or completeness. To the fullest extent permitted by applicable law, the authors and contributing firms disclaim any and all liability for any loss or damage suffered as a result of reliance on this document or its contents.

**ELVINGER
HOSS** LUXEMBOURG
LAW

elvingerhoss.lu

 @Elvinger Hoss Prussen

GERNANDT & DANIELSSON

gda.se

 @Gernandt & Danielsson

R O Y C

roycgroup.com

 @ROYC