AIFI

Associazione Italiana del Private Equity, Venture Capital e Private Debt

AIFI Response to the "*Targeted consultation on the EU venture and growth capital funds reform*"

March 2026

AIFI, the Italian private equity, venture capital and private debt association, thanks the European Commission for the possibility to provide feedback on the "*Targeted consultation on the EU venture and growth capital funds reform*".

About AIFI – Italian Private Equity, Venture Capital and Private Debt Association

AIFI is the association representing private equity, venture capital and private debt fund managers active in the Italian market. These fund managers typically invest in non-listed companies in different stages of development, pursuing objectives of growth through several strategies including internationalization, acquisitions, strengthening of corporate governance and sustainability features.

A great opportunity to simplify AIFMs' regimes and contribute to the competitiveness of the EU

We welcome the opportunity to provide our views on the initiative taken by the EU Commission to gain additional insights on the **EU regulatory framework applicable to alternative fund managers** in order to make it more proportionate to their size, investment strategy and risk profile.

This goal is particularly relevant also from an **Italian market perspective**, where structural fragmentation, regulatory asymmetries and the historically limited availability of risk capital continue to constrain the capacity of domestic fund managers to raise funds and provide the necessary funding to SMEs. From AIFI's standpoint, the initiative represents a crucial step to **strengthen EU's competitiveness** by fostering a **more proportionate, efficient and integrated regulatory environment** capable of supporting emerging managers, mobilizing long-term institutional capital and cutting red tape affecting smaller markets such as Italy.

In this context, the consultation and the future proposal has the potential **to address long-standing barriers** to cross-border fundraising, improve the harmonization between national regimes and EU-level objectives, reducing gold-plating and ultimately **reinforce EU AIFMs on the global scene** and facilitate the growth of innovative companies and strategic sectors that are essential for Europe's economic resilience and technological sovereignty.

Moving towards a tailor-made regime for private capital managers

For the purpose of creating a more competitive EU capital market structure, it is essential that the post-reform regulatory framework be more clearly **tailored to the specific characteristics of alternative asset classes**. Several horizontal financial regulations are often designed

primarily for banks or publicly traded markets and subsequently applied to private capital managers **without adequate calibration**. From our perspective, a more tailored approach is not only needed but it is crucial to ensure that **compliance obligations remain coherent with the operational structure, size and risk profile of alternative asset managers**. In this regard, requirements such as (just to name one) those introduced with the Digital Operational Resilience Regulation (DORA), demonstrate how laws thought for larger financial institutions could produce non-proportionate effects and generate a significant increase in terms of costs and burdens on private capital management structures.

On a general level, the **proportionality principle has not proved to be effective** so far in ensuring that requirements are designed and applied based on the asset manager's specific features. The principle, in fact, is too broadly defined and it is often undermined by the fact that managers (and the Boards of Directors in particular) consider it extremely difficult or even risky to clearly identify the limits within which proportionality can be used.

In order to guarantee the desired development of the AIFMs' landscape it is therefore important to **address the progressive stratification of regulatory and compliance costs**, both at EU level and at national level. These costs ultimately reduce the attractiveness of the asset class (higher costs mean higher management fees) and prevent AIFMs from scaling, raising and investing a greater amount of capital (also from extra-UE sources) in EU companies, thus **undermining their global competitiveness**.

A simplified framework for institutional investors to increase investments in private capital

AIFI believes that, beyond the revision of the regulatory framework applicable to managers, the ongoing review of **different pieces of legislation affecting institutional investors** (Solvency II, CRR, IORP) is fundamental. The EU Commission should intervene by removing specific barriers to the investments in alternatives made by pension funds, insurance companies and banks but, at the same time, it could play a pivotal role in sharing best practices, disseminating positive and successful market initiatives as well as monitoring and providing a comprehensive and coherent application of the rules throughout the EU.

Small-size AIF managers managing less than EUR 500 million

In relation to **small-size AIF managers** (what we usually define as sub threshold managers) should come as premise that Italy decided, when transposing the AIMFD, **not to adopt a registration regime**. As of today, these managers in Italy are subjected to the same regime as full compliant AIFMs in terms of authorization process, with a number of proportional derogations and simplifications. In particular, Italian sub-threshold managers:

- **do not apply the rules on remuneration policies** and practices and may adopt a simplified organizational model;
- are allowed to **centralize risk management, compliance and internal audit functions** into a single, permanent and independent control function, and are exempt from the independence requirement normally imposed on the valuation function;

- may **delegate risk management** activities even to entities that are not financial intermediaries and may opt out of the "letterbox entity" prohibition in case of delegation of functions, subject to supervisory expectations;
- benefit from certain **procedural simplifications** concerning the prevention and management of conflicts of interest;
- are subject to a **minimum share capital of EUR 50,000** if they manage only closed-ended AIFs reserved to professional investors (reserved funds).

Italy: the current reform of the Consolidated Law on Finance

In relation to small-size AIF managers, it is important to underline and to take into due consideration that the Italian alternative asset management industry is currently dealing with an important reform. More in details, **on October 8, 2025**, the Council of Ministers approved the decree to reform the Consolidated Law on Finance (TUF) with the objective of achieving a **comprehensive simplification** of financial sector regulation and encouraging the channeling of investments towards Italian companies. One of the main innovations of the TUF Reform will be the introduction of the **registration regime for sub-threshold managers** into the Italian legal framework, in compliance with AIFMD requirements.

Following this premise, it becomes particularly challenging for managers operating exclusively within the Italian context, where a dedicated registration regime for sub-threshold managers has not yet been introduced, to identify, at the moment, which elements could effectively contribute to building a more proportionate and harmonized regulatory framework for nationally registered small-size AIF managers.

On this basis, it will be fundamental to **ensure that the new Italian registration regime will be fully aligned** with the current rules and best practices developed within the broader EU framework. In this respect, a legislative intervention aimed at better integrating and standardizing the EU registered managers would be beneficial to guarantee a genuine level playing field as well as an effective coordination between Italian and EU initiatives.

The EuVECA framework

Regarding the **EuVECA regime**, with the introduction of a simplified registration regime for sub-threshold managers following the TUF Reform, managers managing European venture capital funds (EuVECA) will continue to be primarily subject to the relevant EU legal framework, namely Regulation (EU) No 345/2013.

Even in the current situation where the TUF reform is still undergoing and the complete reformed framework will be available only in the upcoming months, we believe that it is important to underline **elements that, so far, have hindered an effective use of the regime**.

From a market perspective and on a general level, the number of Italian managers taking full advantage of the regime has been quite limited so far, due also to the size and nature of the domestic venture capital market (managers mainly focused on Italy, still not able to build a EU oriented fundraising or investment strategy, with the exception of a few cases).

However, those who have **actively used the EuVECA label** are generally satisfied with the flexibility the instrument offers in terms of eligible assets and there are positive but limited cases of EuVECA funds marketed to investors abroad. Recent experiences also show that the

passport alone may not be sufficient to generate investor traction. In this context, stronger coordination and moral suasion towards major public anchor investors could further enhance the effectiveness of the regime.

There are elements that should be taken into account in the context of the current EuVECA framework and in the perspective of an extended use of the label. In particular:

- in terms of **fundraising and retail clients**: from the perspective of greater alignment with EU legislation, it would be important to allow EuVECA reserved funds managed by Italian manager to be marketed to so-called well-informed investors who commit a minimum of EUR 100,000, in line with Article 6 of the EuVECA Regulation. This possibility has not been acknowledged to EuVECA reserved funds in Italy that could market their funds only towards non-professional investors committing at least EUR 500,000 or EUR 100,000 within the provision of an investment advisory service. Such adjustment would enhance consistency between national frameworks and EU law, reduce regulatory fragmentation, and facilitate broader access to VC/Growth strategies without undermining investor protection standards;
- inconsistencies remain between the **pre-marketing framework and the EuVECA regime**: while pre-marketing rules do not apply to sub-threshold managers, they become relevant for EuVECA products, creating uncertainty and operational frictions;
- the absence of a standardized **EU template for pre-marketing communications** generates additional ambiguity and increases administrative costs. A harmonized EU approach, including standardized documentation and clearer procedural guidance, would significantly improve legal certainty and reduce compliance obligations;
- managers have reported **coordination issues between national authorities and ESMA**, suggesting that improvements in supervisory communication flows could enhance transparency and operational efficiency.

Looking forward, there is also strong support for a **potential extension of the EuVECA passport** to additional asset classes (infrastructures, fund of funds, etc…) as well as to a wider range of eligible financial instruments, including quasi-equity and certain debt-like instruments.

Overall, **having a more extended and better coordinated EuVECA framework** across Member States will be essential to improve its role as an EU fundraising and investment tool. Moreover, even if it is not the main focus of the present consultation, we should not forget the importance of reinforcing **exit channels and secondary markets** to develop the EU VC/Growth ecosystem.

Proportional requirements for mid-size private capital fund managers

About **mid-size managers** managing more than EUR 500 million, the current application of the AIFMD framework clearly demonstrates, particularly for those active in Italy, the need for a revision of the regulatory architecture capable of reflecting the diversity of business models among alternative investment fund managers. Regarding the possible **rise of the EUR 500 million threshold**, **we do not deem this option particularly useful**. Mid-size AIF managers managing assets close to the EUR 500 million threshold often decide to opt in for commercial reasons, to obtain the EU passport and market their products across the EU and scaling up their

business. **Raising the threshold could therefore prove unnecessary** for funds seeking to grow and raise additional funds.

In this respect, since there is no doubt that, as the EU Commission has rightly pointed out in the consultation document, there is a **risk of *cliff-edge* effect** for managers exceeding the 500 million threshold (but also for those that voluntarily decide to opt-in) we believe that it could be better to **provide for a lighter set of requirements**, instead of modifying the threshold.

Consequently, **introducing a simplified framework**, for example through the creation of a specific regime for mid-size managers with assets under management up to, by way of example, EUR 5 billion (the threshold of the so called "significant" managers) could help ensuring continuity of growth while preserving the core safeguards of the Directive. This approach would also help to reduce the current regulatory gap between small, mid-sized and large players, supporting the development of a more competitive and solid EU private capital sector.

In this context, the **focus on simplification is crucial**, both at national and EU level for **above-threshold managers**. In recent years, the Italian market has experienced a significant increase in supervisory requirements, data collections and pilot surveys that have progressively turned into permanent compliance obligations and consequentially into costs. These additional layers of regulation often overlap with existing EU frameworks and coincide with already demanding deadlines, creating operational pressure on compliance structures that are limited in terms of size and resources.

As underlined in previous paragraphs, the main element that should guide the revision of the current framework is the consideration that **AIFMs manage mainly illiquid financial products, marketed to a defined number of professional investors, with a medium-long term horizon**. This is, in a nutshell, what should drive the identification of the main areas of intervention to make the framework clear, effective and coherent.

Main regulatory areas that need to be addressed

The following are the main areas that need to be addressed and simplified in order to define a more flexible, proportional and effective framework for managers. In particular:

EU sourced

DORA Regulation: full authorized managers underline different operational challenges in implementing the Regulation including:

- substantial **time and workload constraint**, accompanied by a sensible increase in costs. Managers that had to comply with DORA had to elaborate or review between 18 and 20 different policies that, in turn, entail the definition of relative procedures, identification of dedicated people as well as bearing advisory costs;
- **technical complexity** of cybersecurity obligations and the extensive documentation and governance processes required;
- **difficulties in renegotiating ICT provider contracts;**
- **lack of clarity in how to define and concretely apply the proportionality** principle, given the fact that private capital managers and their usual operational model do not pose systemic risks in terms of ICT.

Such findings suggest that a strictly uniform application of DORA results in a **significant effort** for private capital managers without necessarily enhancing digital resilience in a meaningful way. Enhancing a proportionate approach, by defining a more concrete and punctual definition of what proportionality implies for specific categories of asset managers, would therefore ensure coherence within the EU framework and avoid unintended market distortions.

Remuneration-related obligations, as transposed within the Italian legislative framework and applied in the market practice, are characterized by high level of rigidity in comparison to other EU jurisdictions. This severity affects, for different reasons, both mid-sized managers and significant ones.

Within the Italian context, **significant AIFMs** are not allowed to take advantage of the proportionality principles in relation to certain remuneration requirements. In particular:

a) ban on the use of derogation in relation to the payment of variable remuneration in financial instruments: the Italian legislation[1] requires that, when the total of AIFs or the sum of all AIFs managed represents at least 50% of the overall portfolio managed, at least 50% of the variable remuneration must be composed of units or shares of the managed AIFs or equivalent equity investments or instruments linked to unites or shares. The Italian rules **prevent "significant" AIFMs from derogating from this requirement** even where the proportionality principle would justify it. This ban is particularly relevant for managers of closed-ended private capital funds, where fund units/shares are illiquid and typically valued only periodically, making them unsuitable or very difficult to use as remuneration instruments. Moreover, this very strict approach does not positively contribute to the final goal of the provision - guarantee the alignment of interests between managers and long-term investors – since this is already secured by the inherent structure of the vehicle (waterfall clauses, preferential return for investors, claw back mechanism) and it does not have any significant impact in terms of risk management;
b) ban on the use of derogation in relation to variable remuneration deferral: the Italian legislation requires that at least 40% of the variable remuneration be deferred over an appropriate period, not less than 3-5 years, with the proportion rising to at least 60% for particularly high amounts of variable remuneration paid to senior executives or risk-takers. While mid-sized managers may rely on the proportionality principle in relation to the application of the 40% threshold (however, it cannot be completely disregarded), **significant AIFMs are excluded from the use of derogation in this area**.

For **mid-sized managers** the possibility to use the proportionality principle is not sufficient. The abovementioned points a) and b) prove to be extremely complex. It is important to take into consideration the possibility to disapply the most burdensome requirements, according to the size, nature and complexity of the manager.

Liquidity management requirements, as provided under Article 16 of the AIFMD, require AIF managers to implement liquidity risk management systems and conduct regular stress tests.

[1] "Italian legislation" here refers to the rules adopted by national regulators in relation to the application of the remuneration requirements contained in the AIFMD. In particular, we refer to the Annex II of Bank of Italy regulation issued in implementation of articles 4-*undecies* and 6, par. 1, lett. b) and c-*bis*), of the Consolidated Law on Finance (TUF).

- While such provisions are appropriate for open-ended AIFs exposed to redemption risk, their application appears **disproportionate for closed-ended** private equity, venture capital and growth funds whose redemption-driven liquidity risk is absent.
- Liquidity stress tests could be **meaningful only for evergreen or semi-liquid funds** and therefore we suggest eliminating the obligation to perform liquidity stress tests for closed-end long-term funds.

Asset valuation requirements, as provided under Article 19 of the AIFMD, may imply significant fixed costs.

- The possibility or expectation of relying on external independent valuers can represent a **substantial operational burden**, especially for mid-sized managers.
- Given the **illiquid nature** of private capital funds and the relatively limited frequency of valuation events, the systematic involvement of external certified experts may not always be necessary to ensure reliable valuations.
- We therefore suggest **favoring internal valuation models** where the functional independence of the risk management function is ensured, while limiting the recourse to external valuers to specific circumstances where additional independent verification is justified.

Obligations relating to the acquisition of control of non-listed companies, as provided under Articles 26–29 of the AIFMD, appear uneven compared to their actual supervisory benefits.

- Notification, disclosure and reporting requirements triggered by the acquisition of control, including obligations towards competent authorities, shareholders and employees, as well as additional disclosures in annual reports, create **significant administrative complexity**. In particular, the information is already contained in the business plan and the deadline to send it is too close to closing, resulting in an obstacle for the timing of operations.
- Although these provisions were designed to enhance transparency in the context of leveraged buyouts, their application to closed-ended private capital funds **is of little use**.
- Given the inherently illiquid nature of these investment strategies and their limited systemic risk profile, the current framework is not proportionate. **These obligations should therefore be eliminated** as they do not materially enhance investor protection or financial stability.

Reporting, leverage reporting and regulatory disclosure obligations as required under art. 24 of the AIFMD, and further specified in Annex IV, particularly in the case of intended marketing in Member States other than the home Member State, appear disproportionate compared to their actual supervisory benefits. It is highlighted by GPs that reporting obligations require **an excessive level of data granularity. Therefore, we suggest eliminating it.**

Asset stripping provisions as required by Article 30 of the AIFM Directive, which restricts certain distributions for two years following the acquisition of control of an EEA company, appear unnecessary in the context of private equity investments.

- Interests in private equity, venture capital and infrastructure funds are typically long-term investments, held for several years while the underlying businesses are developed.

The economic rationale of these investments is precisely to **create value within portfolio companies**.

- Consequently, any activity involving "asset stripping" would run counter to the very objectives of these investments. In this respect, the AIFMD anti-asset stripping regime appears **counterproductive**, as it reflects a fundamental misunderstanding of the business model of private capital investors. Furthermore, it is important to underline that corporate law regimes across the EU, including the Italian one, already contain limitations which overlap significantly with the AIFMD anti-asset stripping rules. We **therefore suggest eliminating these obligations** for closed-ended private equity and venture capital funds.

National/Italian level

- Bank of Italy guidelines "**Sustainability-related supervisory expectations** on climate and environmental risks", which require the drafting and continuous monitoring of action plans and imply significant organizational adjustments;
- the **expansion of AML/CFT reporting frameworks** linked to the future European AML Authority, which risks duplicating existing obligations and creating misaligned deadlines with annual AML reporting;
- new Italian **organizational AML provisions** requiring governance changes and the designation of specific responsible board member representatives, an approach that remains largely unique compared to other European jurisdictions;
- new **data collections on outsourcing arrangements** introducing further reporting layers despite already extensive information provided during authorization procedures;
- Bank of Italy survey on management company **business plan** that has now become a periodic and fixed annual requirement.

More broadly, the Italian market considers that the future evolution of AIFMD, considering the current venture and growth capital sector, should focus on **reinforcing harmonization and limiting gold plating**.

KID/PRIIPS: unnecessary requirement for the management team

Finally, even if not directly connected with the legislative framework of the present consultation, but perfectly aligned with the simplification objectives it pursues, managers managing closed-ended funds reserved to professional investors should be explicitly excluded from the application of **Regulation (EU) No 1286/2014**, and in particular from the obligation to provide a **KID for members of the management team** subscribing carried interest units/shares. The high level of product knowledge possessed by the members of the management body and the employees of the management teams make the preparation and submission of the KID not useful under these circumstances, especially in relation to the final objective of the Regulation - enhancing the protection of retail investors. Moreover, such Regulation should not interfere with employment relationships between the managers and their employees. This clarification would also be consistent with the approach adopted in other jurisdictions, where this issue has already been addressed through established market practice.