

# FINNIUS

## Amendment of EuVECA and EuSEF

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On 14 September 2017, the European Parliament adopted proposals for amendment of (see [link](#) to press release):

1. The European Venture Capital Funds Regulation (EU) No 345/2013 (**EuVECA**)
2. The European Social Entrepreneurship Funds Regulation (EU) No 346/2013 (**EuSEF**)

The EuVECA en EuSEF regulations provide for a special framework for small managers that are registered in accordance with the small managers regime of the AIFMD (and have, thus, not obtained a full AIFMD license) to apply for a 'EuVECA' or 'EuSEF' label for marketing funds. Such label has the function of a European passport; it allows the manager to market the relevant EuVECA or EuSEF funds in all Member States without further restrictions.

A number of conditions apply for obtaining the label. The most important condition is that the funds must primarily (at least 70% of their assets under management) invest in venture capital companies or social entrepreneurship companies respectively. In addition, the manager must comply with certain organizational requirements and must take into account information requirements. The AFM reviews compliance with all conditions prior to the label being granted.

The proposals for amendment of the EuVECA and EuSEF regulations form part of the Capital Markets Union Action Plan. The goal of the Action Plan is to increase the supply of capital to businesses. The proposals aim to amend the EuVECA and EuSEF frameworks in such a way, that they facilitate investments in small and medium-sized enterprises (**SMEs**) by EuVECA and EuSEF funds as much as possible. The amendments include among others:

- Widen the range of managers eligible to set up and manage EuVECA and EuSEF funds to include licensed AIFMD managers.
- Widen the range of firms that EuVECA can invest in to include unlisted companies with up to 499 employees.
- Broaden the definition of companies that EuSEF can invest in to include "services and goods generating social return".
- Stipulate an initial capital requirement (of EUR 50,000) and minimum own funds (at least 1/8<sup>th</sup> of the fixed overheads of the manager and – if the assets under management exceed EUR 250 million – additional own funds of 0.02% of the amount exceeding EUR 250 million).
- Simplification of the registration process for application of a label; the AFM must in principle decide on an application within two months and may not charge fees.
- Requirement to notify any material changes to the conditions for the initial registration before such changes are implemented.

The proposals must now be adopted by the Council. The revised rules will then enter into force on the twentieth day following that of their publication in the Official Journal of the EU. The rules will then apply in all Member States three months after publication.