

# **EC CONSULTATION ON VENTURE AND GROWTH CAPITAL FUNDS**

Italian Tech Alliance — March 2026

# Introduction

Italian Tech Alliance is the Italian association of venture capital, innovation investors (business angels, family offices, and corporate investors), and Italian startups and innovative SMEs. It was founded in 2019 by the managers of the leading venture capital funds active in Italy and today counts over 80 investor members, more than 130 of the main Italian startups and innovative companies, and about 40 supporting members. Italian Tech Alliance investors manage assets of over 4 billion euros and have invested in more than 250 Italian startups with high growth potential and strong technological content. One of the association's goals is to ensure that innovative companies can make a significant contribution to our country's growth, including by raising awareness among the Italian public on issues of innovation and development.

This paper reflects the specific perspective of the Italian venture capital and growth capital market, drawing on direct evidence from Italian fund managers and institutional investors operating in the alternative investment space.

This paper has been prepared on the basis of **views and evidence gathered from expert professionals and associated funds operating in** the Italian venture capital and growth capital market.

## BACKGROUND AND CONTEXT

The European Commission has launched a targeted consultation on the reform of European venture and growth capital funds, which goes well beyond a simple revision of the EuVECA Regulation and encompasses the entire regulatory framework applicable to small and mid-size alternative investment fund managers in the EU.

The initiative is set within the context of the Savings and Investments Union Strategy and aims to:

- Strengthen the scalability and competitiveness of small and mid-size VC/growth managers;
- Support larger-ticket investments in the EU real economy, including scaleups and infrastructure;
- Foster the emergence of larger and more competitive European managers at regional, European and global scale;
- Ensure effective and proportionate regulation.

The consultation defines three categories of managers:

- (1) "Small-size AIF managers": nationally registered managers with AuM below EUR 500 million
- (2) "Mid-size AIFMs": AIFMD-licensed managers with AuM between EUR 500 million and several billion euros

(3) Large AIFMs: managers with AuM exceeding EUR 10 billion (approximately 200 entities managing 84% of total EU AuM)

According to ESMA estimates (November 2025), there are approximately 3,940 nationally registered AIF managers in the EU below the EUR 500 million AuM threshold. These managers collectively represent only 2% of total EU27 AuM, amounting to approximately EUR 12,400 billion.

## **Relevance for the Italian market:**

At the end of 2024, sub-threshold alternative investment fund managers (GEFIA) in Italy numbered 76, accounting for 46% of all Italian GEFIA, and operated predominantly in the private equity and venture capital sectors (source: Bank of Italy, Siani speech, November 2025). The Italian VC market is characterised by very small-sized managers: very few exceed the EUR 500 million AuM threshold. The vast majority of Italian VC managers therefore fall within the “small-size AIF managers” category and operate under the national regime, without an AIFMD management or cross-border marketing passport. This dimensional positioning makes the consultation particularly relevant for the Italian ecosystem.

The Italian context presents further specificities: as highlighted by the Bank of Italy, the domestic venture capital market remains undersized compared to European peers. Capital raising from Italian institutional investors (pension funds, professional pension schemes) is growing but still limited, and cross-border fundraising remains a complex exercise for small-sized Italian managers.

This document summarises the six areas of the consultation, identifies the priority topics for the Italian market and proposes the responses to the questionnaire to reflect a solid, representative position supported by concrete evidence.

## **AREAS OF RELEVANCE FOR THE ITALIAN MARKET**

The following identifies the priority thematic areas for Italian market, with a brief description, of the specific Italian context.

### **AREA 1: AIFMD THRESHOLD AND CLIFF-EDGE EFFECT (Sections 2 and 3)**

#### **Description:**

The consultation explores whether the EUR 500 million threshold for the application of the full-scope AIFMD regime is still adequate. The threshold was set in 2011 and has never been updated for inflation or market evolution. Upon exceeding the threshold, a manager is required to prepare for substantially greater regulatory burdens, facing an immediate jump to significantly more onerous requirements (mandatory depositary, risk management, reporting, capital requirements, governance). The Commission proposes new threshold options ranging from EUR 750 million to EUR 10 billion, as well as alternative mechanisms (weighted average threshold, threshold periodically revised for inflation, risk-based approach).

#### **Italian context:**

Virtually all Italian VC managers operate below the EUR 500 million threshold. The threshold issue therefore has a peculiar relevance: not so much for the increase itself (which would concern few Italian managers in the short term), but rather for the implications in terms of:

- **Passport:** sub-threshold managers (which are not EuVECA) operate under the national regime and do NOT have access to the AIFMD management and marketing passport. Raising the threshold without simultaneously addressing the effectiveness of the EuVECA passport and granting broader cross-border access to sub-threshold VC managers could paradoxically worsen the situation.
- **Growth-disincentivising effect:** an Italian manager launching a fund of EUR 300–400 million (already a remarkable achievement in the domestic market) is aware that exceeding the regulatory threshold — calculated according to the specific AIFMD criteria — would entail disproportionate costs and complexity.
- **Competitiveness vs. managers from other Member States:** national sub-threshold regimes vary enormously. Italy has to date (i.e. TUF reform) applied requirements to sub-threshold GEFIA that in some cases approximate full-scope AIFMD, creating a competitive disadvantage compared to managers registered in jurisdictions with a lighter approach (e.g. Luxembourg, Ireland). Notably, as part of the current review of its national framework, Italy envisages preventing registered-only managers from becoming EuVECA managers, a development that

could further undermine the effectiveness of the passport in a market where the vast majority of VC managers operate below the AIFMD threshold and have identified the cross-border passport as their single highest priority for scaling their operations.

## **AREA 2: COMPLIANCE AND OPERATIONAL COSTS (Sections 3 and 4)**

### **Description:**

The consultation requests detailed evidence on the main cost drivers for sub-threshold managers and on disproportionate AIFMD burdens for mid-size AIFMs. The cost items highlighted include: reporting obligations, supervisory fees, registration/authorisation expenses, legal and audit services, fund documentation, IT infrastructure and depositary costs. The Commission explicitly requests quantitative cost estimates.

### **Italian context:**

For a small-size Italian VC manager (AuM EUR 50–200 million, team of 5–15 people), regulatory costs represent a very significant share of the operating budget. Compliance, audit, AML, risk and depositary costs are largely fixed in nature and independent of AuM, and therefore account for a proportion that impacts the budget of the managers inversely with the size of the fund — weighing disproportionately on smaller managers. In Italy, the Bank of Italy imposes supervisory requirements on sub-threshold GEFIA which, although simplified, nonetheless entail non-negligible burdens. The cost of the depositary in Italy is often higher than in other jurisdictions, given the lower competition among service providers specialised in the VC/PE segment.

## **AREA 3: CROSS-BORDER PASSPORT FOR SUB-THRESHOLD MANAGERS (Section 3)**

### **Description:**

One of the central issues of the consultation concerns the granting of management and/or marketing passports to sub-threshold managers, who today can only operate in their Member State of registration. The options explored include: full management passport, limited marketing passport, partial/tailored passport, simplified cross-border notification regime.

### **Italian context:**

This is arguably the most critical issue for Italian VC managers. The absence of a passport confines fundraising to the domestic investor base, which is structurally smaller than that of France, Germany, the Netherlands or the Nordic countries. This limits the size of Italian funds, with cascading effects on:

- Ability to make significant-sized investments in scaleups
- Ability to attract internationally calibre talent to the management team
- Competitiveness compared to managers from other EU countries that can raise capital cross-border
- Ability to support portfolio companies in their international expansion

The EuVECA Regulation offers a marketing passport, but its use has been limited so far for several reasons.

## **AREA 4: REFORM OF THE EuVECA FRAMEWORK (Section 5)**

### **Description:**

The consultation extensively addresses the EuVECA Regulation framework, with 18 statements to be assessed on its effectiveness, and proposes significant amendments including: expansion of eligible assets (venture debt, quasi-equity, infrastructure, listed post-IPO), the ability to invest in other AIFs, master-feeder and fund-of-funds structures, removal or relaxation of the 70/30 limits, and the possibility of replacing the "EuVECA" denomination with a broader and more inclusive brand.

### **Italian context:**

The EuVECA framework has had limited adoption in Italy as well as in the rest of Europe. The main reasons include:

- Rigidity of the definition of "qualifying portfolio undertaking" and of investment limits
- Compliance costs not proportionally lower than full-scope AIFMD: in Italy, a manager must first be authorised as an SGR (società di gestione del risparmio) and only subsequently can register as a EuVECA manager. This means that Italian EuVECA managers must comply with the more stringent SGR regulatory framework, effectively negating the proportionality benefits that the EuVECA regime was designed to provide
- Inability to invest in venture debt and quasi-equity instruments (such as convertible loans and subordinated shareholder loans), which are becoming increasingly relevant components of the European VC toolkit

- While the requirement to invest at least 70% in “qualifying investments” is generally consistent with the core VC strategy of investing in unlisted SMEs and startups, the rigidity of the definition of qualifying investments limits portfolio management flexibility in practice
- The absence of a management passport for EuVECA managers
- National discretions in supervisory fees and registration procedures

The expansion of the investment perimeter towards venture debt, quasi-equity, and the ability to retain post-IPO holdings would be highly relevant changes for Italian managers operating in a market where exit options are limited.

## **AREA 5: PROPORTIONALITY FOR MID-SIZE AIFMs (Section 4)**

### **Description:**

For above-threshold managers (AuM > EUR 500 million), the consultation explores possible alleviations in: depositary requirements, risk management, stress testing, Annex IV reporting, valuation requirements, remuneration, governance, audit and authorisation. Respondents are asked to assess the expected impact of each measure on a scale from -2 to +2.

### **Italian context:**

As noted, very few Italian VC managers currently exceed the EUR 500 million threshold. However, this section is relevant for two reasons:

- Forward-looking perspective: if the reform succeeds in growing Italian managers (also thanks to passports and simplifications), it is important that the full-scope AIFMD regime awaiting them is proportionate
- Forward-looking perspective for growing VC managers: Italian VC managers that succeed in scaling their operations — also thanks to passports and simplifications — would benefit from proportionality measures in the full-scope AIFMD regime, particularly in reporting, depositary requirements and valuation of illiquid assets
- International competitiveness: EU mid-size managers face cumulative regulatory costs (EU + national) significantly higher than those of American or British competitors, which contributes to the flight of capital towards non-EU funds

The most relevant topics for the Italian market in this section are: the simplification of Annex IV reporting (very burdensome for managers with limited teams), proportionality in depositary requirements (high cost in Italy), and flexibility in the valuation of illiquid assets.

## **AREA 6: CROSS-CUTTING TOPICS AND CONCLUDING QUESTIONS (Section 6)**

### **Description:**

The concluding section of the consultation addresses cross-cutting topics of great strategic relevance: coherence between the AIF, EuVECA, ELTIF and EuSEF frameworks; technological innovation (digitalisation, tokenisation); non-legislative measures; exit options for investors in private markets; and the possibility for respondents to flag issues not covered by the consultation.

### **Italian context:**

#### **a) Coherence between frameworks:**

The interaction between EuVECA, ELTIF 2.0 and AIFMD is complex. Many Italian managers are looking with interest at ELTIF 2.0 as an alternative vehicle. It is important that the reform does not create inconsistencies between these instruments.

#### **b) Exit options and secondary market:**

The Italian market suffers from a structural exit problem. Very few IPOs on Euronext Growth Milan, a limited domestic M&A market, and a virtually non-existent secondary market. The availability of exit options is a prerequisite for the development of VC. The responses to the consultation is aimed at highlighting the need for specific actions to promote secondary markets for private fund participations, to facilitate IPOs of innovative SMEs and to improve the liquidity of participations in VC funds, as a necessary complement to the regulatory reform of fund management frameworks.

#### **c) Tokenisation and digitalisation:**

Italy has a relatively advanced framework on the tokenisation of financial instruments (Consob regulatory sandbox). While tokenisation is not a priority for the VC ecosystem at this stage, in the medium term it could contribute to reducing operational costs and improving the liquidity of holdings in VC funds. The EU reform should ensure that the regulatory framework does not inadvertently prevent the adoption of such technologies where they can deliver tangible benefits.

#### **d) Business angels:**

The consultation (Q1.6) specifically asks about cross-border regulatory obstacles for business angels. In Italy the topic is relevant given the growing role of angel investors in the ecosystem, but EU fiscal and regulatory fragmentation limits cross-border investments.

## PRIORITIES ACCORDING TO THE ITALIAN MARKET

Based on the analysis of the consultation and the specificities of the Italian market, the following priorities are identified:

Priority	Topic	Relevance for Italy	Rationale
1	Cross-border passport for sub-threshold managers	HIGH	The majority of Italian VC managers operate below the threshold and fundraising is limited to the domestic investor base. This is the single factor that most constrains the growth in size of Italian funds.
2	Reduction of compliance costs and proportionality	HIGH	Fixed regulatory costs weigh disproportionately on small-size managers.
3	EuVECA reform (expansion of eligible assets, flexibility)	MEDIUM	The expansion towards venture debt, quasi-equity and the ability to retain post-IPO holdings addresses concrete market needs.
4	Raising and recalibration of the AIFMD threshold	MEDIUM	Relevant in a forward-looking perspective and for PE managers, less urgent for Italian VC managers currently all operating below the threshold. However, a higher threshold combined with sub-threshold passports would be very positive.
5	Proportionality for mid-size AIFMs and cross-cutting topics (exit, tokenisation)	MEDIUM	Relevant for the PE sector and in a forward-looking perspective for VC growth. Exit options are a critical structural issue.

## CONCLUSIONS AND KEY MESSAGES

- 1.** We support a recalibration of the AIFMD threshold, provided that any increase is accompanied by the simultaneous introduction of effective cross-border passports for sub-threshold managers. In the Italian market, where all VC managers operate below the current EUR 500 million threshold, raising the threshold alone — without addressing passport access — would not deliver meaningful benefits. A periodic review mechanism linked to inflation should also be introduced.
- 2.** Sub-threshold managers must have access to a cross-border marketing passport, preferably with simplified and proportionate requirements (e.g. limited to professional investors). This is the single measure that could most significantly contribute to the growth in fund size and the competitiveness of small-size European managers.
- 3.** Fixed regulatory costs represent a disproportionate burden on small-size managers and create a barrier to entry for new managers (emerging managers). A significant simplification of reporting, depositary and governance requirements is needed for both sub-threshold managers and mid-size AIFMs.
- 4.** The EuVECA framework requires a thorough overhaul: expansion of eligible assets (including venture debt and quasi-equity), the ability to retain post-IPO holdings, fund-of-funds structures (which would significantly support fundraising) and a reduction of national discretions that fragment the market.
- 5.** The harmonisation of national procedures and requirements is essential to prevent the single market from remaining a fiction for small-size managers. Divergences between national sub-threshold regimes create significant competitive distortions.
- 6.** Exit options are a structural issue that constrains the development of European — and Italian — VC in particular. In Italy, very few IPOs take place on Euronext Growth Milan, the domestic M&A market is limited, and the secondary market for private fund participations is virtually non-existent. Specific actions to promote secondary markets for private fund participations, to facilitate IPOs of innovative SMEs and to improve the liquidity of participations in VC funds are a necessary complement to the regulatory reform of fund management frameworks.
- 7.** The transition from sub-threshold to full-scope AIFMD must provide for a gradual adjustment period (phase-in), with reasonable timelines and regulatory support, in order to avoid the cliff-edge effect that discourages manager growth.