

European Commission publishes consultation on reform of venture and growth capital funds

February 2026

The European Commission (the **Commission**) has announced a **targeted consultation** seeking input from fund managers with a view to developing a more dynamic and integrated market for venture and growth capital funds (the **Consultation**). The Consultation is open until 12 March 2026 with the Commission seeking to publish its finalised proposal for reforms in quarter 3 of 2026.

Background

The **European Venture Capital Funds (EuVECA) Regulation** was published in 2013, with a view to encouraging investment in start-ups and early stage companies on a cross-border basis. Uptake of the EuVECA Regulation has faced a number of problems detailed below and it has achieved only limited success to date.

The EuVECA Regulation established a regulatory framework that permits AIFMs with less than €500m in assets under management (**AuM**) to manage and market venture capital funds on a cross-border basis within the EU. This contrasts with the current AIFMD regime, under which AIFMs with less than €500m in AUM¹ that manage funds other than EuVECA funds cannot avail of a management or marketing passport.

Uptake of the EuVECA regulatory framework has been limited as it contained a number of problems, including the following:

- The limit of €500 million in AuM is restrictive as it forces managers into full AIFMD compliance as they scale (i.e. as AuM grows above €500m). This means that AIFMs face a “cliff-edge” in terms of compliance, with full compliance with the AIFMD required where AuM grows above €500m (or €100m for funds that incorporate leverage).
- The EuVECA Regulation also included definitions of qualifying investee companies that were seen by many as strict and narrow. If an investee company achieves scale, it would fall outside of the scope of qualifying holdings for a EuVECA fund, which could force managers to realise investments early or decline investment opportunities.
- Despite the passporting aim that the EuVECA Regulation sought to achieve, variations in national registration rules remain and fees for cross-border notifications still exist.

Savings and Investments Union

The Commission has recognised that there is “a clear opportunity to further boost the EU’s competitiveness and innovation capacity by addressing current investment gaps. Developing a more dynamic and integrated market for venture and growth capital funds is essential to unlocking this potential, strengthening the EU’s global position and supporting sustainable long term economic growth.”

As part of the Commission’s **savings and investments union (SIU) strategy**, it announced this review of the EuVECA Regulation, to take place in the third quarter of 2026. The Consultation suggests however that the Commission is considering an initiative covering a broader range of European venture and growth capital fund managers, rather than solely focusing on a review of the EuVECA Regulation, which only focuses on venture capital funds.

¹ This threshold is lowered to €100m where the assets of the AIF(s) under management are leveraged.

AIFMD Thresholds

One of the more interesting elements of the Consultation is that it seeks feedback on the “assessment and calibration of the AIFMD threshold(s)”.

Any amendment to the thresholds in respect of EuVECA managers would likely be based on amendments to the thresholds that apply to registered (or “sub-threshold”) AIFMs under AIFMD, and the Consultation is drafted as such (i.e. respondents are asked for their views on the thresholds set out in the AIFMD, not just as they apply to managers of EuVECA funds).

The Commission acknowledges that the thresholds have “become increasingly outdated considering market developments, inflation and the evolution of the European investment management industry.” Rather than simply raising the threshold, the Consultation, which recognises the “cliff edge” issue as managers exceed the applicable AUM threshold, seems to suggest that it could be “calibrated” in line with market requirements.

Consultation

The Consultation takes the form of a survey for fund managers, as well as a separate public consultation, with both having a cut-off date for submission of 12 March 2026. The Commission has requested that respondents focus their responses on topics that are not already addressed through its Market Integration and Supervision Package, which was published in December 2025².

The Consultation includes six sections:

1. A short general section on challenges and policy objectives;
2. Assessment and calibration of the AIFMD threshold(s);
3. Small size EU venture and growth capital fund managers with less than €500 million in AuM (operating under national regimes);
4. Proportional requirements for mid sized EU venture and growth capital fund managers with more than EUR 500 million in AuM (currently under AIFMD scope)
5. Functioning of the EuVECA framework and the **European Social Entrepreneurship Funds framework**; and
6. Closing questions exploring further potential areas of interest.

If you have any queries regarding the Consultation or any of the items raised in this update, please contact the author below or your usual Dillon Eustace contact.

² For a detailed overview of the key proposals impacting the AIFMD and UCITS frameworks contained in the Markets Integration Package published by the Commission in December 2025, see our [briefing on the topic](#).

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