

## James Tinworth in *The Alternative Investor*: How Democratisation of Private Markets has Become the Hot Topic of 2024 in the EU and UK

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PRACTICES International, Investment Management

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Haynes Boone Partner [James Tinworth](#) authored an article for *The Alternative Investor* on the democratisation of private markets in the European Union and United Kingdom.

Read an excerpt below:

The focus on non-institutional investors has significantly increased in recent years. The “democratisation” or “retailisation” of private markets and funds is this year’s hot topic. These terms can be interpreted differently (NB “true” retail investors are not the only non-institutional investors). In any event, however, it is a big deal. Preqin notes that over the coming years KKR expects between 30% and 50% of fundraising to be from non-institutional investors and Apollo Global Management also aims to raise \$50bn of non-institutional capital.

Much of the activity has been focused on the U.S. but there has been increased interest in Europe because of the recent changes to the E.U.’s ELTIF and the U.K.’s LTAF. The UK abolished the UK’s ELTIF (the LTIF) and focussed on the LTAF. The LTAF is a U.K. solution; the ELTIF is an E.U. solution. Unless the UK recognises ELTIFs under the Overseas Funds Regime (OFR), U.K. divergence will lead to market fragmentation.

The regimes are very similar but were not starting at the same point, not quite solving the same original problem and their approaches diverge.

The ELTIF was always intended for retail investors; the LTAF was intended for DC pension schemes and initially had limited availability for retail investors. The LTAF quickly progressed from being a NMPI to a Restricted Mass Market Investment. It can now be in an Innovative Finance ISA. What next?

Neither regime is the finished article: the E.U. Commission recently rejected ESMA draft Technical Standards for the ELTIF.

To read the full article in *The Alternative Investor*, click [here](#).