



FOCUS

Cross-Border Distribution of Funds

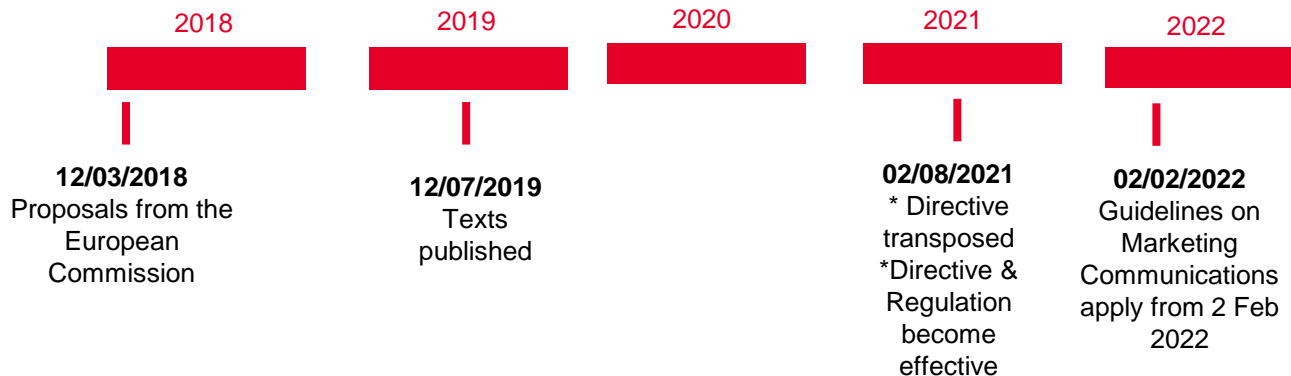
Updated in November 2022

REGULATORY EVOLUTION

- The European Commission (EC) published on 12 March 2018 a regulatory initiative on cross-border distribution of investment funds as part of the implementation of the Capital Market Union (CMU)
- In this legislative package, the EC proposes to amend :
 - AIFM and UCITS directives (draft Directive)
 - and funds regulations including EuVECA -European Venture Capital Funds- and EuSEF -European Social Entrepreneurship funds- regulations (draft Regulation)
- The EC expects a simplification of the procedures for distribution of funds, a reduction of induced costs, and correlatively an increase in the fund cross-border distribution

FOCAL POINTS

- Today, **70% of all assets under management** are held by investment funds **registered for sale only in their domestic market**. Only 37% of UCITS and 3% of AIFs are registered for sale in more than 3 Member States
- The EC's aim is to reduce regulatory obstacles to cross-border distribution of investment funds, notably by:
 - Improving transparency with regard to the legal and administrative requirements (notification, marketing material, local support to investors, etc) requested by the European Union and Member States in this area as well as fees charged by National Authorities
 - Guaranteeing more consistency in the method of calculating these costs
 - Proposing a harmonized definition of pre-marketing
 - Removing the requirements for local / physical presence in Member States allowing Asset Managers to use digital tools to comply



Updated on 3 November 2022

- **2 August 2021: Application of Directive & Regulation**
- **2 February 2022: Application of Guidelines on Marketing Communications**

STATEMENT

- ❑ 12 July 2019: Directive and Regulation were published in the Official Journal of the UE
- ❑ 01 August 2019: Both the Directive and the Regulation entered into force
- ❑ **By 2 August 2021, Member States must have transposed the Directive into their national law**
- ❑ **2 August 2021: the Directive and the Regulation become effective**

FOR YOUR CONSIDERATION

- ❑ 01 February 2021: ESMA published [a Final Report](#) on draft Implementing Technical Standards (ITS) under the Regulation on the cross-border distribution of funds. The ITS focus on: publication of marketing requirements by NCAs on their websites, publication of regulatory fees by NCAs on their websites and ESMA Central database listing funds marketed on a cross-border basis
- ❑ 27 May 2021: ESMA published [a Final Report](#) on Guidelines on marketing communications under the Regulation on cross-border distribution of funds.
- ❑ **2 August 2021: ESMA published the official translations of its guidelines for fund’s marketing communications, they will apply on 2 February 2022**

European Fund managers shall ensure that all marketing communications addressed to investors :

- ✓ are **identifiable** as such,
- ✓ describe the **risks and rewards** of purchasing interests in a fund in an equally prominent manner, and
- ✓ include **clear, fair and not misleading information**.

Furthermore, the Guidelines take into account the on-line aspects of marketing communications.

Contact SGSS/CAO/PAI



marie-claire.de-saint-exupery@sgss.socgen.com

If you want to know more, refer to
Fiche Cross Border Fund Distribution To Know More

“This document is for informational purposes only. Under no circumstance should it, in whole or in part, be considered as an offer to enter into a transaction. This document is not intended to have an advisory character or intended to represent an investment recommendation or a recommendation regarding a certain strategy, product or service. Although information contained herein is from sources believed to be reliable, Société Générale makes no representation or warranty regarding the accuracy of any information and is not responsible for errors of any kind. Any reproduction, disclosure or dissemination of these materials is prohibited. The products and services described within this document are not suitable for everyone. This document is not intended for use by or targeted at retail customers. All of the products and/or services described may not be available in all jurisdictions”