



FOCUS

Cross-Border Fund Distribution

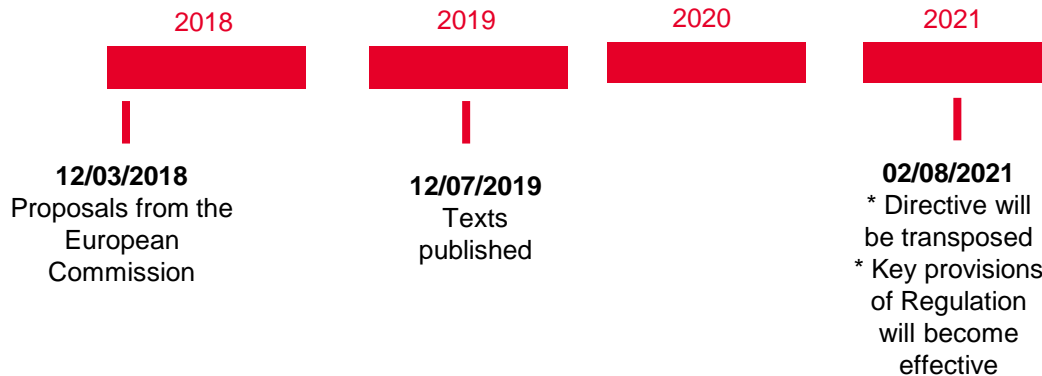
Updated in February 2020

REGULATORY EVOLUTION

- The European Commission (EC) published on 12 March 2018 a regulatory initiative on cross-border fund distribution 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 27 February 2020

• **2 August 2021:**
**Application of key provisions of the
 Directive and of the Regulation**

STATEMENT

- ❑ The Council published on 15 June 2018 a revised version of the legislations focused mainly in the definition of pre-marketing
- ❑ Draft reports from ECON (the European Parliament's Economic and Monetary Committee) rapporteur were published on 18 September 2018 and on 2 October 2018, they support the EC proposals
- ❑ 3 December 2018: ECON has voted to adopt ECON draft reports and therefore support the EC proposals
- ❑ 5 February 2019: Political agreement reached on this legislative initiative
- ❑ 16 April 2019: the Parliament adopted at first reading the proposed reforms of the cross-border distribution of collective investment funds
- ❑ 14 June 2019: the Council adopted the regulations, the new measures will be published shortly in the Official Journal of the UE

FOR YOUR CONSIDERATION

- ❑ 12 July 2019: Directive and Regulation 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
- ❑ From 2 August 2021, the key provisions of the Directive and of the Regulation will become effective, except for some provisions which apply as of 01 August 2019 (such as the check of marketing documents by local regulator)

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