



Cross-Border  
Fund Distribution

FOCUS

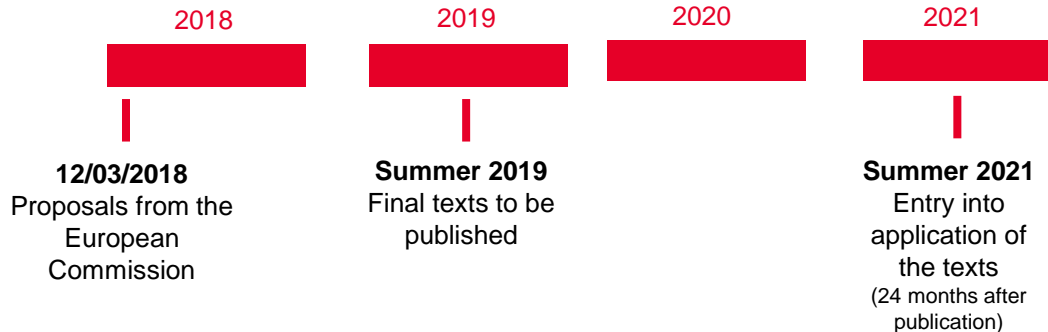
Updated in June 2019

**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 20 June 2019

• 14 June 2019:  
The Council adopted the regulations

## 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

## FOR YOUR CONSIDERATION

- ❑ 14 June 2019: the Council adopted the regulations, the new measures will be published shortly in the Official Journal of the UE
- ❑ The amended Directive will be transposed 24 months after publication
- ❑ The amended Regulation will enter into application 24 months after publication, except for some provisions which will apply as of date of publication (ESMA database, NCA's fees and charges and check of marketing documents )

Contact SGSS/IMP/SIR:

[marie-claire.de-saint-exupery@sgss.socgen.com](mailto:marie-claire.de-saint-exupery@sgss.socgen.com)

*"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"*