



X-Border
Fund Distribution

FOCUS

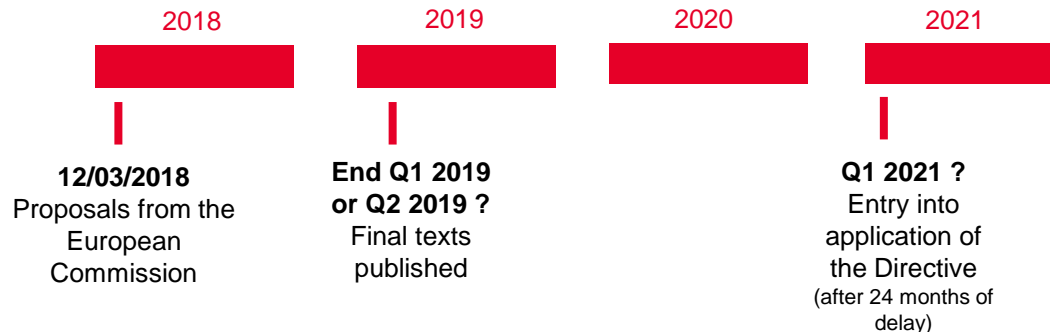
Updated in March 2019

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



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• 5 February 2019:
political agreement reached

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

FOR YOUR CONSIDERATION

- ❑ Next step : the text will now be submitted to EU ambassadors for endorsement. Then Parliament and Council will be called on to adopt the proposed Directive and Regulation at first reading
- ❑ The amended Directive will be transposed 24 months after its publication
- ❑ The amended Regulation will enter into application after its publication, except for some provisions (24 months of delay)

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