

CROSS BORDER FUND DISTRIBUTION

Proposal for a Directive on **facilitating cross-border distribution of collective investment funds**. It reviews the current Directive 2009/65/EC (UCITS) and Directive 2011/61/EU (AIFMD)

Proposal for a regulation **on facilitating cross-border distribution of collective investment funds. It reviews the current Regulations** (EU) No 345/2013 and (EU) No 346/2013 on EuVECA and EuSEF

1. Overview

As part of the implementation of the Capital Market Union (CMU), the EC published a regulatory initiative on Cross border fund distribution.

In this legislative package, the EC proposes to amend:

- AIFM and UCITS Directives (draft Directive)
- and funds Regulations including EuVECA and EuSEF Regulations (draft Regulation)

Objectives

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
- specifying the administrative requirements called "facilities" imposed by some national authorities

The EC expects from these measures a simplification of the procedures for distribution of funds as well as a reduction of induced costs, and correlatively an increase in the cross-border distribution of the latter.

Key topics

- requirements as regards marketing by Asset Managers (Regulation)
- increased transparency for information on national marketing requirements and fees from NCA (Regulation)
- alignment of procedures and conditions for the de-notification of UCITS and AIFs funds from national markets (Directive)
- Changes in relation to local facilities for UCITS and AIFs sold to retail investors: removing the requirement for physical presence; The choice of how facilities to support local investors are provided (local presence or electronically) is to be left with the asset manager (Directive)
- Amendments related to PRIIPs : PRIIPS review delayed by one year to December 2019 and 2-years extension of the UCITS exemption from PRIIPs until December 2021 (Directive)
- creation of ESMA Central database of all managers, AIFS and UCITS marketed in other EU countries (Regulation & Directive)
- introduction of pre-marketing for AIFs, EuVECA and EuSEF (Regulation & Directive)

2. Chronology of events: key dates

- ✓ 15/06/2018: Council published a revised version of the legislations focused mainly in the definition of pre-marketing.
- ✓ 18/09/2018 and 02/10/2018: ECON (the Parliament's Economic and Monetary Affairs Committee) published draft reports in which the rapporteur comments that he supports the EC proposals
- ✓ 03/12/2018: ECON vote to adopt ECON draft reports and to support the EC proposals
- ✓ 05/02/2019: Political agreement reached after Trilogues between the 3 bodies (EC, Council and Parliament)
- ✓ 16/04/2019: Parliament published the texts adopted at first reading on the proposed reforms
- ✓ 14/06/2019: Council adopted the regulations
- ✓ Publication expected shortly in the OJ (by summer 2019)
- ✓ Amended Directive to be transposed 24 months after its publication
- ✓ Amended Regulation to enter into application 24 months after its publication, except for some provisions which will apply as of date of publication (ESMA database, NCA's fees and charges and check of marketing document)

3. Reference text

[Directive Proposal](#)

[Regulation proposal](#)

[Legislative resolution on the proposed Directive on the cross-border distribution of collective investment funds](#)

[Legislative resolution on the proposed Regulation on facilitating the cross-border distribution of investment funds](#)

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