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WORKING DOCUMENT

From:	General Secretariat of the Council
To:	Working Party on Financial Services and Banking Union (MISP) Financial Services Attachés
N° prev. doc.:	WK 2989/2026
Subject:	MISP - Asset Management - Consolidation of comments ddl 04.03.2026. Replies from 23 MS

Delegations will find attached the consolidated replies by AT, BE, BG, CZ, DE, DK, EE, ES, FI, FR, GR, HU, IE, IT, LT, LU, LV, PL, PT, RO, SE, SK and SI on the questions contained in the Presidency discussion paper on asset management for the Working Party on 19.02.2026 (set out in doc. WK 2347/2026).

MISP: CWP 19. Feb - Asset Management (WK 2347/26) Deadline: ***04 March 2026***

From: AT, BE, BG, CZ, DE, DK, EE, ES, FI, FR, GR, HU, IE, IT, LT, LU, LV, PL, PT, RO, SE, SK, SI **Updated: 14/04/2026 09:54**

Guidelines to be followed

Please kindly provide your contributions in the table below.

Drafting suggestions: you may use '**track changes**'* or formatting (for example **bold-underline** for additions and ~~strike-through~~ for deletions, **where necessary, in a different colour**). *Track changes can only be connected once the cursor is placed in editable areas (Drafting or Comments columns).

To make it feasible to consolidate all contributions, the structure of the table must not be changed, so **no rows can be added or deleted.**

New provisions may only be added in any of the **'existing cells'.**

Name of document: please add the **two initials** of your delegation's country followed by a space (to the MS Word document name), followed by any optional text, for example, for Austria: **AT comments on … .docx**

Thank you for your cooperation!

PCY questions	Comments
Presidency Discussion Paper - Asset Management (WK 2347/26)	SK (Comments): Slovakia Although the Slovak Republic still maintains a parliamentary scrutiny reservation on the proposal as a whole, our preliminary assessment of its implications leads us to take a generally positive view of the majority of the proposed amendments. Among the most important priorities are the removal of barriers preventing deepening capital market integration and achieving more uniform and effective capital market supervision. New tasks should not lead to increase of costs on the side of market participants, national regulatory authorities as well as european regulatory authorities. We accent better sharing of regulatory information among all national and european regulatory authorities. ES (Comments):

PCY questions	Comments
	We welcome the general proposal of the MISP package, and the topics related to asset management. We share the sense of urgency and the need to build a truly European capital market union. DK (Comments): Denmark still has a parliamentary scrutiny reservation. Our comments are also preliminary and in some areas more general since a general election has been called in Denmark. DE (Comments): General comment: Market integration is a key element of the SIU agenda. It is important to achieve meaningful progress on streamlining processes and removing national barriers. This is important to increase investment options for (retail) investors, lower costs and deepen EU capital markets. Improvements to supervisory convergence should be focused on supporting market integration.
A. UCITS and Management Companies, Authorisation and Passporting, Introduction of Provisions on EU groups - ESMA Relevant Powers	PL (Comments): *As a general statement, We support the objective of capital market integration and the removal of unjustified cross-border barriers; however, the proposed solutions must not lead to a centralisation of supervision within ESMA at the expense of the subsidiarity principle, nor result in an increase in the fixed operating costs of investment fund companies (in particular smaller ones).* *It is essential to maintain effective retail investor protection, especially with regard to language requirements and the accessibility of documents, as well*

PCY questions	Comments
	as effective supervision over marketing communications conducted in the language of the host Member State. *We oppose the duplication of obligations (home NCA – ESMA – host NCA), the creation of parallel IT systems, and the introduction of new fees. If a platform or new standards are established, they should replace existing procedures rather than multiply them.* *Strengthening supervisory convergence should primarily take place through Level 3 tools (guidelines, Q&As, peer reviews, colleges, mediation) and clarifications at Level 1/Level 2, rather than through new ESMA*
1. Harmonisation of UCITS Authorisation Rules	
Relevant Articles: new paragraph 8 of Article 5 of the UCITSD	SK (Comments): We welcome the proposals leading to more harmonization of authorization rules and supervisory convergence in UCITS and AIFs. However, these proposals alone have no potential to stimulate interest of investors and increase cross-border investments. But we understand that financial stability and building strong and well-prepared asset managers are prerequisites for introducing sustainable investment culture and increasing trust of investors.
Questions to MS:	
1. Do MS support the amended RTS mandate to ESMA under Article 5(8) of the UCITS Directive and the specific issues to be tackled therein? If yes, are there any adjustments or clarifications MS may	SK (Comments): Yes.

PCY questions	Comments
deem necessary, relevant to the issues to be specified under the RTS (i.e. points (a) to (c) of Article 5(8))?	SI (Comments): Slovenia supports the amended RTS mandate under Article 5(8) UCITSD in principle. We have reservations regarding points (b) and (c), as authorisation procedures and timelines are closely intertwined with national administrative law. NCAs must retain the capacity to request additional information where specific risks so require, and any RTS-specified timelines should include a stop-the-clock mechanism for incomplete applications. SE (Comments): At a preliminary level, we recognise the potential benefits of an RTS that harmonises the information required for UCITS authorisation, as such alignment could streamline the authorisation process for both firms and competent authorities. It is essential that the ESAs deliver on these intended simplifications. For this reason, we consider it important that the RTS be developed on the basis of established best practices and in close cooperation with national competent authorities (NCAs). At the same time, harmonisation should not restrict NCAs from requesting additional information when necessary to conduct a comprehensive assessment. It is also important that the RTS be available early in the implementation phase, in order to facilitate preparation and adaptation by both the industry and the authorities. Under the current proposal, ESMA would submit a draft RTS to the Commission 12 months after entry into force, while the directives would apply 18 months after entry into force. This timeline appears insufficient for both adoption and adaptation. We therefore propose

PCY questions	Comments
	that the application date be postponed to allow adequate time for authorities and companies to implement the new requirements effectively. RO (Comments): **Yes, in principle we can support the initiative in question, provided that the NCA's ability to request additional information beyond that established by ESMA through RTS is not restricted, including compliance with certain deadlines where domestic law requires them in the case of certain stages that must be completed within the authorization process.** PT (Comments): We can support the intended harmonization, as it may contribute to improve efficiency. Nonetheless, it would be important to understand how articulation with national administrative laws is being considered. PL (Comments): *We do not oppose the development of such RTS. At the same time, they should focus more on harmonising the interpretation of Level 1 substantive provisions (i.e. requirements applicable to supervised entities) rather than on licensing procedures. In the latter area, they should remain sufficiently flexible to allow for the consideration of national regulations (e.g. administrative procedure rules).* *We also note that a similar objective could be achieved through ESMA guidelines, which would allow for greater flexibility, better reflect the principle of proportionality, and present the issues in a more accessible*

PCY questions	Comments
	manner, for example by referring to specific examples or indicating good and bad practices. *In our view, The RTS should be limited to a minimal, closed list of information requirements and deadlines in order to reduce divergences, without introducing detailed, model solutions applicable to all types of UCITS. We also call for clear proportionality principles (for smaller management companies/funds and simple strategies), as well as phased implementation following the publication of the final RTS, with an appropriate vacatio legis period.* LV (Comments): Latvia's position is cautious, as there is no confidence that the objective will achieve results without additional resources. Already now, there are situations where ESMA lacks the capacity and capability to develop certain RTS. Support could be given on the condition that it contributes to a simpler and more efficient licensing process. LU (Comments): Please note that this answer covers both Question 1 (UCITS Directive) and Question 4 (AIFM Directive). In line with our support for simplification and removal of barriers to cross-border operations, we see value in harmonising the authorisation processes for UCITS, management companies and AIFMs. However, we wish to underline that developing specific RTS, which will be applicable across 27 Member States, while taking into account differences in

PCY questions	Comments
	market size, product distribution channels or supervisory capacity across Member States, will be a complex and lengthy exercise. It is also important to emphasize that this topic is closely connected to national administrative laws and that administrative procedures must therefore be clearly and precisely aligned with those national laws. In addition, such RTS may rapidly become obsolete as markets evolve, for example through product innovation or the emergence of new data standards. If a new product does not fit within the RTS framework, ESMA would have to update the RTS (which implies an inevitably lengthy process), having therefore possible consequences over innovation, time-to-market and ultimately competitiveness. Assuming we would go down the route of a RTS, we must therefore exercise caution in the development of the mandate to ensure that the RTS does not become overly rigid and that it retains sufficient flexibility for NCAs to accommodate innovative and new products. The mandate for such RTS should only be designed to ensure that NCAs receive simple and structured information enabling them to fully understand the asset manager / product in question. It must be drafted only under the perspective of simplification, removal of cross-border barriers and time-to-market, rather than being an agglomeration of features from multiple national standards and templates. It must not add administrative burden for the industry or the NCA. In any event, the authorisation must remain within the ultimate decision-making authority of the NCAs and ESMA should only act as coordinator of best practices of NCAs. In such respect, the RTS should not prevent NCAs from requesting the relevant information necessary to assess the subject of a potential future authorisation.

PCY questions	Comments
	The RTS must not address procedures and timelines. These matters fall within the remit of the NCAs as it relates to administrative law in the relevant Member States. To achieve the above objectives, and assuming an RTS is pursued, the mandate for such RTS should be narrowly framed so as to meet these criteria, while preserving sufficient flexibility for NCAs and ensuring that the decision to grant authorisation remains the prerogative of NCAs. LT (Comments): We are supportive of greater harmonization and less gold-plating. Therefore preliminary we could support this. IT (Comments): We may support the proposed amendments; however, we believe that the **harmonisation of information to be provided in authorisation phase according to the RTS should not hamper the capacity of NCAs to request further/additional information, where deemed necessary/appropriate on the basis of the NCA case-by-case assessment**. Moreover, the deadlines for the authorisation procedure should adequately consider that in several member States (such as Italy) the authorisation process involves more than one competent authority. We are also open to consider forms of cooperation involving ESMA and other NCAs to ensure uniform interpretation of Union law and convergence in supervisory practices during the authorisation phase (e.g. on eligibility of assets; methodologies for the calculation of global exposure; application of

PCY questions	Comments
	investment limits; etc.), provided that this does not entail excessive administrative burdens. IE (Comments): Broadly speaking, we recognise that divergent requirements and practices across Member States acts as a significant barrier to cross-border activity. In principle, we can support amendments to harmonise procedures, timelines and information requirements. We believe that these measures will have the most impact in facilitating greater cross-border activity and achieving the objectives of the MISP as they pertain to asset management and funds. However, redrafting of several provisions will be required to take account of the concerns expressed by ourselves and other Member States. Fund authorisation is a precise process which requires a balance between pragmatism and the management of risk and authorisation applications must be assessed on a case-by-case basis. NCA discretion around this process is critical to ensure that the decisions arrived at are in the best interest of investors. While we are open to achieving harmonisation via RTS, it is essential that some flexibility is still afforded to NCAs and that the hands-on experience of NCAs informs the development of the RTS. As such, there must be a prominent role for NCAs in developing and agreeing the RTS. The ESMA mandate will therefore have to be carefully drafted. We also believe that the RTS should be subject to an ex-post review as there should be an opportunity to update and amend the RTS based on NCAs' experience of implementation. On harmonising timelines, we understand the desire to provide certainty and predictability to industry but again, some flexibility will be required. Where applications are novel or complex, prescriptive timelines may constrain NCAs in carrying out their work. Where NCAs are operating to overly restrictive timelines, this has the potential to result in poorer decision making and

PCY questions	Comments
	continued divergence which will ultimately impact on industry and end investor alike. At a minimum, we would require that the RTS provide for a 'stop the clock' mechanism eg. where information is deficient or missing or consultation with ESMA/other NCAs may be required. GR (Comments): Regarding the proposed timelines, we acknowledge the value of greater predictability and harmonisation in the UCITS authorisation process. Nevertheless, we would welcome clarification on how the timelines will be kept realistic for all national competent authorities, given the differing administrative capacities across Member States. It would also be useful to understand whether tighter deadlines could translate into additional pressure or compliance costs for market participants, particularly the smaller ones. Having said that, we agree with the proposed measure, in principle, and we share the view that it contributes to a more streamlined and efficient licensing process and contributes to the harmonization of authorization rules or processes. In this context, proportionality should remain a guiding principle. The harmonisation objective should not inadvertently reduce the ability of national competent authorities to conduct a thorough assessment where necessary, particularly in jurisdictions with smaller supervisory structures. Also, we consider it beneficial that RTS must take into consideration existing national systems for a balanced and workable solution. We also consider it useful that the competent authority's may request additional information when justified by specific risks, in order to be ensured the investors protection and the market integrity. FR (Comments): We support the provisions aimed at harmonising and streamlining authorisation procedures under both the AIFM and UCITS Directives. More

PCY questions	Comments
	streamlined and consistent authorisation frameworks would enhance market efficiency and contribute to reducing time-to-market for investment funds and their managers. FI (Comments): FI: We support further development towards more integrated fund legislation and fund markets, the removal of barriers to the cross-border distribution and fund management as well as reduction of administrative burden in fund management operations. We support further harmonisation of authorisation prodedures and well-working EU- passporting. ES (Comments): **1. General support for harmonization** • We support the objective of the ESMA mandate. • It is a positive step toward increasing predictability, efficiency, and convergence in UCITS authorization procedures across the Union. **2. Safeguards on information requests (ESMA/NCAs)** • **Flexibility.** However, it is important that both ESMA and National Competent Authorities (NCAs) retain the power to request additional information. This is particularly vital when dealing with complex structures, specific local market risks, or unique circumstances that require a proportionate and effective

PCY questions	Comments
	3. Alignment with national administrative law We must also ensure that the RTS are compatible with the administrative law of each Member State. EE (Comments): In our opinion the authorization requirements stated in the UCITSD already support sufficiently harmonized set of rules. Authorization decisions require supervisory judgement, case-by-case assessment and know-how of local markets and risks. In case of small NCA-s the amount of available resources is crucial topic and this factor cannot be harmonized across the different jurisdictions. We think that harmonizing timeline would put too much pressure on smaller NCA-s and may lead to sacrificing quality over quantity. DK (Comments): Denmark is overall positive regarding harmonizing the procedure for applications and welcomes the fewer burdens on companies and on financial supervisory authorities. As general comment, it is important that the mandate is made clearer. It is also important that the regulatory standard, within a harmonized framework, includes the possibility for proportionality in the application process as we otherwise risk having an application process designed for the very large market participants. It is important that the application is not made unnecessarily burdensome for the smaller providers.

PCY questions	Comments
	With regard to how deadlines are specified, we generally support specifying the deadlines in business days and excluding national holidays. We note that this goes for all deadlines for NCAs across the market integration package and not only for this point. DE (Comments): Yes. CZ (Comments): We find it quite problematic for an RTS to set the rules on procedure for authorisation. Such a procedure is covered by national law and thus we do not support for this RTS to take place. We find it premature to discuss changes to the text as we still are not sure how this procedure should work; there are still some parts left to assess on national level, for example the person in the governance of AIFM. Regarding point (a), unifying the substantive requirements of the information that is to be provided for authorization is something we could support. Regarding points (b) and (c), we are of the view that procedural matters of administrative law are beyond the scope of what is to be subject to harmonisation. In general, the Czech Republic supports a targeted mandate, with strong proportionality safeguards, and careful assessment of IT requirements. BG (Comments): BG: We do not object to having RTS in general. We however have concerns as to point b) namely as to “the procedures and timelines to be followed”

PCY questions	Comments
	which are regulated under national administrative law. To this end, clarification should be provided. BE (Comments): In principle we support the amended RTS mandate to ESMA. Nevertheless, it must remain possible to deviate from the templates depending on the specific circumstances of the case. Just because the content and form are imposed, this does not mean that, for example, if a document - or more generally any information - raises specific questions, the NCAs must be bound by the set of data (or the form in which) they can request. It should be clear that in a context of fund supervision, the risks inherent to a file cannot be enumerated at beforehand and in detail. Therefore, we would like to know whether the amendments aim to introduce a maximal harmonisation of the UCITS statute and whether national rules/reporting can remain in place. Moreover, the proposed timelines might be incompatible with national administrative law. AT (Comments): We support the amended RTS mandate under Article 5 para 8 UCITSD, as well as the development of IT solutions by ESMA, as long as it is provided for that NCAs may request additional information due to specific, additional national requirements.
2. Do MS support the development of IT solutions by ESMA, including templates, data standards, formats and instructions for providing the information referred to in point (a) of Article 5(8) of the UCITS Directive? If yes, are there any adjustments or clarifications MS may deem necessary, relevant to the IT solutions suggested?	SK (Comments): Yes. SI (Comments): We are open in principle to ESMA developing harmonised IT solutions, provided these complement rather than replace existing national systems and

PCY questions	Comments
	do not create duplicative submission requirements. The implementation costs for smaller NCAs should be carefully assessed before development commences. SE (Comments): We are cautiously open to ESMA developing IT solutions; however, our support is dependent on both the functionality these solutions can deliver and the associated development costs. With regard to both the RTS and IT solutions, further assessment will be required to ensure that the Level 1 framework provides a sufficiently detailed and clear specification for designing such solutions. RO (Comments): **We can support this initiative if it is provided within the RTS as a possibility for the NCAs to use them if the existing IT systems are not self-contained or can be supplemented/modified where the situation requires it, considering also the alignment with the provisions of domestic law.** PT (Comments): Regarding questions 2 and 3, while we acknowledge the benefits presented by common templates (despite recognizing that harmonizing templates will also present additional costs), data standards, formats and instructions, and therefore can support such harmonization. However, we still have some doubts regarding what the referred IT solutions would entail. Will these solutions be limited to format and template? Irrespective of what it is intended, we believe that simplicity and cost reduction should be kept in mind.

PCY questions	Comments
	In line with our previous comment, we also note that national administrative laws may foresee specific regime for electronic authorization submissions, that would need to be taken into account. PL (Comments): *We do not see clear benefits in such detailed, technical regulations, especially in the absence of common tools (applications, interfaces) that would facilitate the use of forms developed in this way. Moreover, such solutions may constitute an unnecessary burden (including costs) where domestic solutions have already been established in a given jurisdiction, or where they are not needed due to the very limited number of cases in which they would be applied.* *If IT solutions are nevertheless developed, they should be optional, interoperable (API-based), and built on existing standards; the costs of development and maintenance should not be passed on to the market in the form of new fees.* LV (Comments): See Q1. LU (Comments): Please note that this answer covers both Question 2 (UCITS Directive) and Question 5 (AIFM Directive). We believe that developing such IT solutions offers limited added value. NCAs already have in place well-functioning IT solutions and are best placed

PCY questions	Comments
	to handle the approval process, as they possess detailed knowledge of the relevant data, conditions, and local market context. Transferring responsibility for developing IT matters to ESMA may result in less coherent and less complete files, as templates could no longer be adjusted to address emerging challenges or tailored to accommodate the specific features of new products. LT (Comments): We are supportive of greater harmonization and less gold-plating. Therefore preliminary we could support this. IT (Comments): Yes, provided that the issues expressed in our answer to Q1 are duly considered. IE (Comments): We are not opposed to the proposal. However, we would like to understand the added-value of an IT solution developed and maintained by ESMA as we believe that the same outcome could be achieved through the issuance of templates, data standards and consistent formats. If we had a better understanding of what is envisaged by an "IT solution", how this solution would interact with NCAs' existing IT systems, and associated costs, we may be more open to this proposal. We also believe that it should be made clear that authorisation remains an MS competency and that there should be no role for ESMA in the authorisation process (eg. processing authorisations via an ESMA centralised system).

PCY questions	Comments
	GR (Comments): We are supportive of ESMA's initiative to develop IT solutions, as such tools can improve interoperability and streamline supervisory processes across Member States. Though, in our view, technical requirements and operational implications of these IT systems may result in additional compliance costs, particularly for smaller markets such as Greece. Technical neutrality and proportionality are crucial parameters to be considered. Also, It is important that the development of such IT systems ensures full interoperability with existing national infrastructures and avoids duplication of reporting channels. A phased implementation approach could help mitigate transitional costs. Moreover, we see merit for ESMA to organize educational programmes and provide technical support FR (Comments): We support ESMA's mandate to develop RTS under Article 5(8). We would welcome further clarification from the Commission on what is envisaged under "the development of IT solutions". On a preliminary note, it seems these RTS should include standardised templates, including data standards, for the submission of the information provided by the applicant. It should not go as far as imposing a uniformised IT solution. FI (Comments): FI: We support the development of IT solutions by ESMA. However, solutions will come with, at least some one-time administrative extra burden. Hence, any unnecessary administrative burden should be avoided. Today, the procedures vary a lot from country to country. ESMA should utilize best practices, but not the

PCY questions	Comments
	most cumbersome ones. Feasibility and cost consciousness should lead the work ES (Comments): **1. We support the development of common IT solutions**. **2. Avoiding redundancy and ensuring integration** • New solutions should not create double reporting or unnecessary administrative burdens for supervisors or market participants. • It is vital that the system allows for automated integration with existing national databases (*legacy systems*) to avoid manual duplication of data. **3. Clear governance and data integrity** • Finally, we need absolute clarity on who is responsible for the consistency and accuracy of the uploaded data. EE (Comments): In our opinion additional analysis (including feasibility and costs) is required for development of IT solutions by ESMA, including templates, data standards, formats and instructions. DK (Comments): Denmark supports the development of IT solutions by ESMA. However, we it is important that the solutions do not add complexity for the supervised

PCY questions	Comments
	entities and the NCAs. Further, the solutions it is important that the solutions do not result in excessive costs, since these will be borne by the investors. Denmark suggests that the following is added to the text of the article: **"In carrying out its tasks under this Article, ESMA shall take due account of the need to limit complexity and administrative burdens for market participants and national competent authorities."** DE (Comments): We support ESMA providing guidance and standards regarding authorisation processes, but as long as this is a bilateral process between NCAs and asset managers, we question the need for ESMA to provide IT solutions. Instead, either IT solutions should continue to be provided by the NCAs or the process should be fully integrated within the ESMA data platform. CZ (Comments): The Czech Republic is open to an ESMA IT solution only if it avoids duplication with existing national systems and if the administrative burden and cost for NCAs and applicants is proportional. We believe that at this point it would require substantial changes to the working system, yet we are open to the idea as long as it would also simplify data sharing and further limit the administrative burden in the future. BG (Comments): BG: As regards the development of IT solutions by ESMA, we can support this initiative, as it may contribute to a more streamlined, efficient and convergent UCITS authorisation process. However, it is not clear what the costs would be for the NCAs and what these IT solutions would be – a new

PCY questions	Comments
	platform, new communication channels, etc. Final views on this question depend on the clarifications under question 1. It is also important to avoid duplication with ESAP data reporting which includes prospectuses, KID and financial statements of the UCITS. BE (Comments): IT solutions concerning templates/data standards/formats only have limited added value as the information is to be addressed to the NCAs. AT (Comments): See answer to question 1.
3. In the event MS do not support the development by of IT solutions by ESMA, what do MS suggest to ensure that the details of the information to be provided to the competent authorities in the application for the authorisation of the UCITS, are adequately harmonised, convergent and ensure a level playing field between MS?	SK (Comments): The content and extent of information provided to the competent authorities is clear, harmonised and ensures level playing field between MS. Instead of this we encourage the Commission to ensure that all regulatory data are shared and used by ESMA and national regulatory authorities. New solutions shall not increase the administrative tasks and costs. SI (Comments): Should ESMA IT solutions prove disproportionate, harmonisation of content requirements could alternatively be achieved through targeted RTS on point (a) only, supplemented by ESMA guidelines and Q&As under existing Level 3 tools. RO (Comments):

PCY questions	Comments
	See answer to point 2 PT (Comments): Please refer to our previous answer. PL (Comments): *Strengthening supervisory convergence through ESMA Level 3 tools, including guidelines, peer reviews of authorisation practices, and the publication of Q&As and examples of best practices.* *The possibility of a pilot (sandbox) involving willing NCAs before the solution becomes mandatory across the EU.* LV (Comments): All requirements should be included in Level 1 text. LU (Comments): Please note that this answer covers both Question 3 (UCITS Directive) and Question 6 (AIFM Directive). Leveraging existing convergence tools in view of developing common guidelines and recommendations on this topic would be an acceptable way forward. Such guidance would provide clearer supervisory expectations, enhance harmonisation across jurisdictions, and contribute to a more consistent and effective implementation of the framework throughout the Union.

PCY questions	Comments
	IT (Comments): N/A GR (Comments): If the above conditions are not met, convergence can be achieved through strict standardisation of information and data models directly in the RTS text or via ESMA guidelines, Q&As, and supervisory convergence tools. FR (Comments): We suggest mandatory harmonisation of the information to be submitted to the competent authorities, through standardised templates, including data standards. National competent authorities would of course retain the ability to request additional information as part of the authorisation process. ES (Comments): Although the use of common IT solutions is supported, should these tools ultimately not be adopted, it would be possible to advance harmonization through: • **Minimum standardization via RTS or guidelines** ESMA could define harmonized minimum standards regarding: ◦ The essential content to be presented. ◦ Basic data structures/schemas. ◦ Completeness criteria. These standards could be integrated into national systems without the need for a centralized platform.

PCY questions	Comments
	• **Supervisory coordination mechanisms** Cooperation forums between supervisors could be strengthened to share best practices and ensure alignment on the practical application of requirements, common interpretation of templates, and supervisory criteria. • **Optional templates or non-binding recommendations** Instead of mandatory tools, ESMA could develop templates that Member States could adopt voluntarily, facilitating convergence without imposing a single rigid model. DK (Comments): Denmark supports the solution. BE (Comments): Regarding the content of the authorisation file, ESMA can use the already existing and effective tools – such as a supervisory briefing or guidelines - to ensure that the details of the information to be provided to the competent authorities in the application for the authorisation of the UCITS, are adequately convergent and ensure a level playing field between MS. AT (Comments): See answer to question 1.
2. Proposals for Management Companies and AIFMs	
2.1. Authorisation and Passporting	

PCY questions	Comments
2.1.1. Harmonising Authorisation Procedures	
Relevant Articles: Article 7(6) UCITSD, Article 7(6) AIFMD	
Questions to MS:	
4. Do MS support the amended RTS mandate to ESMA and the specific issues to be tackled therein? If yes, are there any adjustments or clarifications MS may deem necessary, relevant to the issues to be specified under the RTS?	SK (Comments): Yes. SI (Comments): Slovenia supports the RTS mandate under Article 7(6) UCITSD and AIFMD to the extent it harmonises the content and format of information provided to NCAs. As noted in Q1, extension of the mandate to procedures and timelines should be approached with caution given the interaction with national administrative law. L2 measures should be developed in close cooperation with NCAs and available as early as possible after entry into force. SE (Comments): At a preliminary level, we recognise the potential benefits of an RTS that harmonises the information required for the authorisation of AIFMs, management companies and investment companies, as such alignment could streamline the authorisation process for both firms and competent authorities. It is essential that the ESAs deliver on these intended simplifications. For this reason, we consider it important that the RTS be developed on the basis of established best practices and in close cooperation with national competent authorities (NCAs). At the same time, harmonisation should not

PCY questions	Comments
	restrict NCAs from requesting additional information when necessary to conduct a comprehensive assessment. It is also important that the RTS be available early in the implementation phase, in order to facilitate preparation and adaptation by both the industry and the authorities. Under the current proposal, ESMA would submit a draft RTS to the Commission 12 months after entry into force, while the directives would apply 18 months after entry into force. This timeline appears insufficient for both adoption and adaptation. We therefore propose that the application date be postponed to allow adequate time for authorities and companies to implement the new requirements effectively. RO (Comments): **As previously specified in point 1, the initiative can be supported as long as it does not become standardized, and the NCA's ability to analyze the information in detail or request additional information will not be reduced.** PT (Comments): Yes, we support the proposed harmonization. PL (Comments): *We do not oppose the development of such RTS. At the same time, they should focus more on harmonising the interpretation of Level 1 substantive provisions (i.e. requirements applicable to supervised entities) rather than on licensing procedures. In the latter area, they should remain sufficiently*

PCY questions	Comments
	flexible to allow for the consideration of national regulations (e.g. administrative procedure rules). *We also note that a similar objective could be achieved through ESMA guidelines, which would allow for greater flexibility, better reflect the principle of proportionality, and present the issues in a more accessible manner, for example by referring to specific examples or indicating good and bad practices.* *In our view, The RTS should be limited to a minimal, closed list of information requirements and deadlines in order to reduce divergences, without introducing detailed, model solutions applicable to all types of UCITS. We also call for clear proportionality principles (for smaller management companies/funds and simple strategies), as well as phased implementation following the publication of the final RTS, with an appropriate vacatio legis period.* LV (Comments): We are cautious regarding licensing and its application across all Member States. This empowerment could be supported if it contributes to a simpler and more efficient licensing process; however, there are concerns about an increase in the administrative burden. LU (Comments): Please refer to Question 1. LT

PCY questions	Comments
	(Comments): We are supportive of greater harmonization and less gold-plating. Therefore preliminary we could support this. IT (Comments): We may support the proposed amendments; however, we believe that the **harmonization of the pieces of information to be provided in the licensing phase according to the RTS, should not hamper the capacity of NCAs to request further/additional information, where deemed necessary/appropriate on the basis of the NCAs case-by-case assessment**. Moreover, the deadlines for the harmonized licensing procedures should adequately consider that in several member States (such as Italy) the licensing process involves more than one competent authority. Furthermore, as regards the L2 mandate, we deem that the RTS should not cover "**procedures and timelines** to be followed as part of the application for authorisation of the management company or investment company". In our view, timelines and procedures should be determined at national level, according to national law, provided that the legal deadline set out in the Directives is respected. Since L1 text does not contain any reference to legal proceedings/timelines/procedures, L2 text should not cover these points. We are also open to consider forms of cooperation involving ESMA and other NCAs to ensure uniform interpretation of Union law and convergence in supervisory practices during the licensing phase, provided that this does not entail excessive administrative burdens. IE (Comments):

PCY questions	Comments
	Authorisation is a precise process which requires a balance between pragmatism and the management of risk and authorisation applications must be assessed on a case-by-case basis. NCA discretion around this process is critical to ensure that the decisions arrived at are in the best interest of investors. While we are open to achieving harmonisation via RTS, it is essential that some flexibility is still afforded to NCAs and that the hands-on experience of NCAs in authorising fund managers informs the development of the RTS. As such, there must be a prominent role for NCAs in developing and agreeing the RTS. The ESMA mandate will therefore have to be carefully drafted. We also believe that the RTS should be subject to an ex-post review as there must be an opportunity to update and amend the RTS based on NCAs' experience of implementation. On harmonising timelines, we understand the desire to provide certainty and predictability to industry but again, some flexibility will be required. Where applications are novel or complex, prescriptive timelines may constrain NCAs in carrying out their work. Where NCAs are operating to overly restrictive timelines, this has the potential to result in poorer decision making and continued divergence which will ultimately impact on industry and end investor alike. At a minimum, we would require that the RTS provide for a 'stop the clock' mechanism eg. where information is deficient or missing or consultation with ESMA/other NCAs may be required. GR (Comments): We support this empowerment. RTS are important for the market participants, supplementing the L1 text by providing further clarity in terms of practical aspects. Therefore, L2 measures must be available the earliest possible. (As mentioned above) FR (Comments):

PCY questions	Comments
	We support the amended RTS mandate granted to ESMA concerning the authorisation procedures for management companies. FI (Comments): FI: We don't have any detailed view on this. We support harmonised end-results, but emphasize that transposition should be easy and time lines for transposition should be well manageable. ES (Comments): We are in favor of the proposed amendments. EE (Comments): In our opinion the authorization requirements stated in the directive already support sufficiently harmonized set of rules. Authorization decisions require supervisory judgement, case-by-case assessment and know-how of local markets and risks. In case of small NCA-s the amount of available resources is crucial topic and this factor cannot be harmonized across the different jurisdictions. We think that harmonizing timeline would put too much pressure on smaller NCA-s and may lead to sacrificing quality over quantity DK (Comments): Denmark is overall positive regarding harmonizing the procedure for applications and welcomes the fewer burdens on companies and on financial supervisory authorities. As general comment, it is important that the mandate is made clearer to avoid limiting ESMA's mandate.

PCY questions	Comments
	It is also important that the regulatory standard, within a harmonized framework, includes the possibility for proportionality in the application process as we otherwise risk having an application process designed for the very large market participants. It is important that the application is not made unnecessarily burdensome for the smaller providers. DE (Comments): Yes CZ (Comments): The Czech Republic can support a narrowly defined RTS mandate specifying core information items, but cannot support an RTS that prescribes detailed procedures or undermines the ability of NCAs to request additional information where risk-based assessment requires it. We are concerned that it would lead to a rather complicated model (an example would be the last EMIR adjustment) without substantial added value. We struggle to see the market failure in this particular issue as the market associations are also sceptical to this part of the proposal. BG (Comments): BG: Same as above. We do not object having RTS in general. We do however have concerns as to point b) namely as to “the procedures and timelines to be followed” which are regulated under national administrative law. To this end clarification should be provided. BE (Comments): In principle we support the amended RTS mandate to ESMA. Nevertheless, it must remain possible to deviate from the templates depending on the specific

PCY questions	Comments
	circumstances of the case. Just because the content and form are imposed, this does not mean that, for example, if a document - or more generally any information - raises specific questions, the NCAs must be bound by the set of data (or the form in which) they can request. It should be clear that in a context of prudential supervision, the risks inherent to a file cannot be enumerated at beforehand and in detail. Therefore, we would like to know whether national rules/reporting can remain in place. Moreover, the proposed timelines might be incompatible with national administrative law. AT (Comments): Regarding the authorization of UCITSD management companies, we are critical of the deletion of the wording "*Without prejudice to other conditions of general application laid down by national law"*. The possibility to keep our current national legal specifications in the authorization process of UCITS ManCos, is important to us. Especially, because UCITS are marketed to retail investors and we therefore have to sustain the (retail) investors' protection and trust in UCITS. As long as it is provided for that national legal specifications in the authorization process of UCITS ManCos remain possible and are taken in consideration in the development of new RTS and IT solutions, we support both the amended RTS and the suggested IT solutions.
	IT (Comments): Yes, provided that the issues expressed in our answer to Q4 are duly considered.
5. Do MS support the development by ESMA of IT solutions, including templates, data standards, formats and instructions for providing the information referred to in point (a)? If yes, are there any adjustments or clarifications MS may deem necessary, relevant to the IT solutions suggested?	SK (Comments): Yes. SI (Comments):

PCY questions	Comments
	Our position is consistent with Q2. We support ESMA IT solutions in principle, subject to interoperability with national systems and avoidance of duplicative reporting. RTS on IT solutions should be subject to ex-post review based on NCAs' practical experience. SE (Comments): We are cautiously open to ESMA developing IT solutions; however, our support is dependent on both the functionality these solutions can deliver and the associated development costs. With regard to both the RTS and IT solutions, further assessment will be required to ensure that the Level 1 framework provides a sufficiently detailed and clear specification for designing such solutions. RO (Comments): **See answer to point 2** PT (Comments): In principle, our answer is positive both for questions 5 and 6. Nonetheless, we reiterate the concerns we mentioned related with the reference to IT solutions. PL (Comments): *We do not see clear benefits in such detailed, technical regulations, especially in the absence of common tools (applications, interfaces) that would facilitate the use of forms developed in this way. Moreover, such solutions may constitute an unnecessary burden (including costs) where domestic solutions have already been established in a given jurisdiction, or where they are not*

PCY questions	Comments
	needed due to the very limited number of cases in which they would be applied. *If IT solutions are nevertheless developed, they should be optional, interoperable (API-based), and built on existing standards; the costs of development and maintenance should not be passed on to the market in the form of new fees.* LV (Comments): See Q1. Cost calculation for MS are not provided. LU (Comments): Please refer to Question 2. LT (Comments): We are supportive of greater harmonization and less gold-plating. Therefore preliminary we could support this. IT (Comments): N/A IE (Comments):

PCY questions	Comments
	We are not opposed to the proposal. However, we would like to understand the added-value of an IT solution developed and maintained by ESMA as we believe that the same outcome could be achieved through the issuance of templates, data standards and consistent formats. If we had a better understanding of what is envisaged by an "IT solution", how this solution would interact with NCAs' existing IT systems, and associated costs, we may be more open to this proposal. We also believe that it should be made clear that authorisation remains an MS competency and that there should be no role for ESMA in the authorisation process (eg. processing authorisations via an ESMA centralised system). GR (Comments): Technological neutrality and proportionality are critical to be considered. We need to ensure limiting any cost burdens as much as possible. Close collaboration between ESMA and NCAs, utilizing the expertise of the NCAs supervisory knowledge, it is beneficial to remain as such. (As mentioned above) FR (Comments): As mentioned in the answer to Q2, we would welcome further clarification from the Commission on what is envisaged under "the development of IT solutions". On a preliminary note, it seems these RTS should include standardised templates, including data standards, for the submission of the information provided by the applicant. It should not go as far as imposing a uniformised IT solution. FI (Comments):

PCY questions	Comments
	FI: We see this question as difficult to comment in any detail, yet. What comes to providing information, we emphasize the importance of good data sharing among authorities to reduce unnecessary administrative work. ES (Comments): We are in favor of the proposed amendments. EE (Comments): In our opinion additional analysis (including feasibility and costs) is required for development of IT solutions by ESMA, including templates, data standards, formats and instructions. DK (Comments): Denmark supports the development of IT solutions by ESMA. However, we it is important that the solutions do not add complexity for the supervised entities and the NCAs. Further, the solutions it is important that the solutions do not result in excessive costs, since these will be borne by the investors. Denmark suggests that the following is added to the text of the article: **"In carrying out its tasks under this Article, ESMA shall take due account of the need to limit complexity and administrative burdens for market participants and national competent authorities."** DE (Comments): We support ESMA providing guidance and standards regarding authorisation processes, but as long as this is a bilateral process between NCAs and asset managers, we question the need for ESMA to provide IT solutions. Instead, either IT solutions should continue to be provided by the

PCY questions	Comments
	NCAs or the process should be fully integrated within the ESMA data platform. CZ (Comments): Our position regarding the unified IT solutions would be similar to the above one. BG (Comments): BG: As regards the development of IT solutions by ESMA, we can support this initiative, as it may contribute to a more streamlined, efficient and convergent UCITS authorisation process. However, it is not clear what the costs would be for the NCAs and what these IT solutions would be – a new platform, new communication channel, etc. It is also important to avoid duplication with ESAP data which includes prospectuses, KID and financial statements of the UCITS. BE (Comments): IT solutions concerning templates/data standards/formats only have limited added value as the information is to be addressed to the NCAs. AT (Comments): See answer to question 4.
6. In the event MS do not support the development by ESMA of IT solutions, what do MS suggest to ensure that the details of the information to be provided to the competent authorities are adequately harmonised, convergent and ensure level playing field between MS?	SK (Comments): The content and extent of information provided to the competent authorities is clear, harmonised and ensures level playing field between MS. Instead of this we

PCY questions	Comments
	encourage the Commission to ensure that all regulatory data are shared and used by ESMA and national regulatory authorities. SI (Comments): See Q3, which applies mutatis mutandis. RO (Comments): **We believe that the development of IT solutions by ESMA involves costs for participants, therefore a compromise solution would be to observe national models and, where appropriate, complement them with SupTech technology, so that reporting tools, advanced analytics and real-time monitoring are integrated. In this way, competent authorities could make a rapid transition from a reactive model of supervision and control to a proactive, risk-based one.** PT (Comments): Please refer to our previous answer. PL (Comments): *RTS: a minimal common dataset and a standardised format for its transmission.* *ESMA: operational guidelines, common definitions and Q&As, peer reviews, and monitoring of the duration of authorisation processes.*

PCY questions	Comments
	Use of existing national solutions and European interoperability standards instead of creating a new, centralised system. LV (Comments): Main requirements should be in L1. LU (Comments): Please refer to Question 3. GR (Comments): If the above conditions are not met, convergence can be achieved through strict standardisation of information and data models directly in the RTS text or via ESMA guidelines, Q&As, and supervisory convergence tools. FR (Comments): We suggest mandatory harmonisation of the information to be submitted to the competent authorities, through standardised templates, including data standards. National competent authorities would of course retain the ability to request additional information as part of the authorisation process. DK (Comments): Denmark supports the solution. BE (Comments):

PCY questions	Comments
	Regarding the content of the authorisation file, ESMA can use the already existing and effective tools – such as a supervisory briefing or guidelines - to ensure that the details of the information to be provided to the competent authorities in the application for the authorisation of the UCITS, are adequately convergent and ensure a level playing field between MS. AT (Comments): See answer to question 4.
2.1.2. Optimisation of the Management Passport	
Relevant Articles: Article 17(3) and 18(2) UCITSD, Article 33(4) AIFMD	
Question to MS:	
7. Do MS agree with the proposed amendments? If not, what would the MS propose instead?	SK (Comments): Yes. SI (Comments): Slovenia can support the proposed reduction of notification timelines in principle. We request clarification on whether deadlines are expressed in calendar or business days, and support a uniform approach across UCITSD and AIFMD. The text should provide an explicit procedural remedy where host NCA deadlines prove unworkable in practice. SE (Comments): We have not had the time to assess the proposed maximum processing times for NCAs on an individual basis. We observe, however, that significantly

PCY questions	Comments
	shortened processing times could lead to increased supervisory costs, which is why such timelines must be carefully calibrated. We would therefore welcome clarification on how the Commission has concluded that a halving of processing times is appropriate and what would happen should these not been kept. We prefer that processing times be expressed in working days, where the applicable public holidays are clearly specified. Furthermore, we consider it important that processing times should begin only once a complete application has been submitted. RO (Comments): **Agree with the proposed change for article 17 (3) UCITSD** **We propose that the deadline be 15 working days.** **We also do not understand the reason for eliminating the other provisions of art. 18 para. (2).** PT (Comments): We agree with the proposed amendments. Nonetheless, we believe that the calculation of deadlines should consider only working days. This solution is more aligned with current national administrative rules. PL (Comments): *We do not object to the proposed changes. At the same time, we agree with the comments raised on previous meetings regarding the need to clarify certain provisions (e.g. the use of business days when determining deadlines).*

PCY questions	Comments
	LV (Comments): The deadline must be counted from the day of receipt of all documents (properly completed and prepared). And it should be at least 15 working days. LU (Comments): Yes. We would like however to achieve greater clarity by fully aligning the UCITS branch notification procedure with the framework applicable under the AIFM Directive. Specifically, the rules should clearly confirm that a branch is entitled to start its activities in the host Member State upon receiving confirmation that the home has notified the host. There is no clear rationale why the same branch could start under AIFM Directive rules while it still would have to wait for another month under UCITS rules (see particle 17(7) UCITS Directive compared to article 33(4) AIFMD). Also, for the sake of legal clarity, the proposal should clearly specify whether the 15-day period refers to calendar days or working/business days. In our opinion, business days should be selected. LT (Comments): We can support proposed amendments. IT (Comments): **We suggest specifying in the proposal that the 15-day deadline refers to working days**.

PCY questions	Comments
	As for the removal of the notification procedure because of the common EU-platform, it is important that the platform provides automatic alert/notification to relevant NCAs in case of requests and during the passporting procedure. Finally, we believe that the NCAs of the host Member States of the UCITS or management company should have the possibility to interact with the asset manager / UCITS before they start cross-border operations, where issues may emerge. To this end, we would recommend considering the possibility of a short suspension period (e.g. 5/10 working days) in case further information is needed and/or the relevant NCAs deem necessary/appropriate to engage in a supervisory dialogue. IE (Comments): Ireland supports this proposal. Like other Member States, we believe that the text should be amended to clarify that timelines are based on business days in the home Member State. GR (Comments): It must be explicit whether we refer to calendar or business days. We prefer to refer to business days, since we have some concerns if it calendar days would be to strict, in practice. FR (Comments): We support the proposal to optimise the management passport by reducing the timeframe granted to NCAs to transmit the relevant information. In our view, the 15-day deadline should be calculated in calendar days, for the sake of consistency with the calculation of the one-month period.

PCY questions	Comments
	Furthermore, we would support the proposal to align the UCITS Directive with the AIFMD as regards the possibility for a UCITS branch to start its activities upon notification. FI (Comments): FI: We support and welcome the shortened 15 day ES (Comments): We are in favor of the proposed amendments. DK (Comments): Denmark supports simplifying the regulation, including the management passports for AIF Managers and UCITS managers. However, we believe the proposal creates an unnecessary complex set-up for passporting for existing AIF Managers and UCITS managers as well as managers that do not intend to manage across member states from the time of authorisation. In our experience new managers would likely need to undergo a separate passporting process following their authorization, as there may not be sufficient information available on cross-border activities at the time of their initial authorization. A separate passporting process would be necessary for these existing managers, and the process will be unnecessary complex for new managers who do not intend to manage across member states from the time of authorisation.

PCY questions	Comments
	We therefore see limited added value of a joint process for authorization and passporting and we believe that having passporting as a separate application from the authorization application for both existing and new actors would ensure a more smooth and non-complex process. DE (Comments): Yes. CZ (Comments): We could support this change. BG (Comments): BG: We can support the proposed amendments. However, we believe clarification is needed that the calculations of the deadlines is in regards to "working days". BE (Comments): We support the amendments. We assume that the Commission proposal refers to business days. This should be clarified. Concerns have been raised about the proposed timing, especially when the file contains an error or ambiguity. Moreover, in such a case "uncooperating" entities can simply wait for the deadline without responding to comments. The text should appropriately take into account such situations. AT (Comments): We have no reservation regarding the new, shorter timelines for the interaction of the respective authorities and can agree with them as proposed. We would appreciate a clarification that the timelines stipulated in Art 18 para 2 UCITSD and

PCY questions	Comments
	Art 33 para 4 AIFMD refer to *working* days as well as a clarification, whether Art. 17 para 3 refers to working days or calendar days.
2.2. EU groups of management companies and AIFMs	
2.2.1. Notion of EU group of management companies and AIFMs	
Relevant Articles: Article 2(1)(v) UCITSD, Article 4(1)(av) AIFMD	
Questions to MS:	ES (Comments): We still analyzing the full impact of the proposal on this topic. However, we support and welcome the introduction of: - the notion of an "EU group, - the provisions regarding the use of intra-group resources - and intragroup delegation. Echoing other MS, we agree on the need to further clarify and define the concept of a "group of management companies".
8. Do MS agree with the introduction of the notion of an "EU group" at L1? If yes, please provide any suggestions considered necessary to ensure such definition is robust.	SK (Comments): We are neither opposing the notion of EU group, nor the intention to organize activities within the EU group more efficiently. However, the relevant supervisory authority should have clear information on what kind of resources, to which extent, and among which subjects are used. There is lacking methodology on using of resources within the EU group. More details are therefore needed, how this concept is expected to be applied in practice.

PCY questions	Comments
	SI (Comments): Slovenia expresses significant reservations regarding the introduction of the "EU group" concept at Level 1. Neither the UCITSD nor AIFMD currently recognises such a concept, and its introduction risks reopening compromises reached under AIFMD II on delegation and outsourcing. The definition should, if retained, be clearly anchored to the accounting consolidation framework under Directive 2013/34/EU and limited to EU-established entities directly involved in asset management activities. SE (Comments): Although we see that the proposals could potentially facilitate matters for the industry, it remains difficult for us to take a firm position on the notion of EU groups without a clearer explanation of how supervision of such groups is intended to be ensured, both at authorisation and in the context of delegation. We would therefore welcome a non-paper providing further clarification on this aspect. We would also like to ask why insurance undertakings are not included in the proposed group definition. RO (Comments): **We abstain from introducing the definition in question.** PT (Comments): Regarding questions 8 to 10, we are still assessing the proposal to introduce a definition of “EU group” at L1. Therefore, we do not have a final answer in this regard. Nonetheless, we have some doubts that, being answered, would help us having a more final position, since we see some merit in what is being

PCY questions	Comments
	discussed, namely the potential to contribute to enhancing operational efficiency. More specifically, we believe that consideration of the need to align with other EU laws should be taken into account. For example, we are still studying the regulatory consequences of including credit institutions and investment firms in the perimeter of the definition. Typo - definition of credit institution is set out in Article 4(1), point (1), of Regulation (EU) No 575/2013, and not Article 2(1), point (b) of Directive 2013/36/EU of the European Parliament and of the Council. PL (Comments): *In general, we do not oppose the concept itself. That being said, introducing a new definition of "group" in the UCITS Directive/AIFMD risks creating inconsistencies with existing consolidation regimes (for banks and investment firms) and with the recent AIFMD II compromise (delegation/outsourcing).* *There's also risk of creating a presumption that intra-group arrangements are less risky than delegation, which could weaken safeguards against "letter-box entities."* *If the concept is to be retained, it should be narrowly defined (possibly anchored in the 2013/34/UE directive).* LV (Comments): We agree that none of the directives currently recognize such a concept and we are concerned that the introduction of the new requirements risks reopening recently agreed L1 compromises (i.e. AIFMD II), in particular in relation to delegation and outsourcing. As a possible way forward, we support the approach to ensure full consistency with the accounting

PCY questions	Comments
	consolidation framework under Directive 2013/34/EU and clarification of the notions of "parent" and "subsidiary" undertakings for the purposes of the EU group definition. LU (Comments): As the notion of an "EU group" is connected to the use of intra-group resources and to ESMA's annual review of large EU group, topics we propose to remove from the MISP proposal, as explained below, the relevance of the definition is connected to those concepts. Assuming the provisions were to stay in the text for any other purpose, we believe that the definition should be re-assessed as it is in our view incomplete (e.g. consistency with the Accounting Directive or other sectorial directives such as CRD). IT (Comments): We have the following concerns on the notion of "asset manager groups", as designed in the legislative proposal: - **Derogation of delegation regime.** We do not support the proposal to exclude the application of the delegation regime to intragroup outsourcing or sharing of resources because, as confirmed in the draft EBA Guidelines on Third-Party Risk (published for consultation), intragroup delegation/outsourcing is not necessarily less risky than delegation/outsourcing to third parties outside the group. Indeed, intragroup delegation may pose risks, for example, in case of misalignment of interests between the asset manager and the entities within the group. Moreover, the proposed derogation would introduce an asymmetric approach for asset managers compared to banks and investment firms (also included in the "asset manager group"), since those latter would be required to apply the relevant sectoral rules on outsourcing when outsourcing functions/services to intragroup entities (including DORA).

PCY questions	Comments
	Therefore, delegation/outsourcing would be subject to different regimes depending on the entity that delegates/outsources. In our view, this asymmetrical approach is not justified in terms of adequate safeguards of risks. Also, the derogation to the delegation regime in the case of intragroup provision of services may not be consistent with the rule preventing the creation of letter-box entities, since NCAs might not be able to ascertain whether the management company has become a letter-box entity on the basis of a mere notification (other than EU law, the importance of maintaining adequate safeguards over delegation/outsourcing/third-party risks has been reaffirmed by the BCBS and in the 2021-IOSCO Principles on outsourcing – applying also to intermediaries that provide certain investment services such as investment advice and RTO). . As an alternative, we may be open to consider the adoption of a proportionate approach that considers the specificities of intragroup delegation and ensures that relevant risks specific to intragroup delegation/outsourcing are appropriately covered, consistent with the outsourcing regime applicable to banks and investment firms, in place of a full derogation from the delegation regime. - **Notion of asset manager group.** We believe that the notion of "asset manager group" proposed, including banks and investment firms, should be designed in a way not to interfere with the regulatory framework applicable to banking groups or investment firms. **Most importantly, the "asset manager group" should leave unaffected the managers' ability to operate autonomously in the interests of investors**. This is crucial to ensure that asset managers withing banking groups or investment firm groups remain in a position to operate in the interest of the managed funds and their relevant investors and are not captured or overridden by group interests.

PCY questions	Comments
	In light of this, we also wonder whether the negative implications of the introduction of the notion of asset manager groups may even exceed its benefits, which are limited to the disapplication of the delegation regime (on which we have, as said above, concerns as well). - **Large asset manager group for the purposes of ESMA review powers**. Please refer to our answer to Question 15, below. IE (Comments): We understand that the concept of an "EU group" has been introduced in an effort to reflect the practical reality and commercial pragmatism of asset management groups who seek to organise their activities and operations as efficiently as possible. However, we have questions about how the concept is defined and would work in practice. Global group structures may be complex, comprising layers of holding companies, various types of regulated entities, as well as unregulated entities. Even if a particular group entity is based in the EU, its direct parent within the group could be established in a third country. We therefore believe that the proposed definition does not capture the operational reality and truly global nature of large asset management groups which, in order to provide investors with access to best execution, investment performance, liquidity and risk mitigation, often rely on entities that may be based outside of the EU. To reflect these operation realities, we believe that a more rigorous definition is required which provides for a form of 'look through' to the EU groups' parent entities and their operations. GR (Comments):

PCY questions	Comments
	We take note of the proposal and understand the rationale for introducing the "EU group" concept at Level 1, as in principle we agree with the objective set. Safeguards should clearly ensure that management companies and AIFMs retain full responsibility and effective decision-making capacity, and that supervisory authorities maintain sufficient visibility over group structures and operational substance. Though, we have some concerns. For instance, a clear definition of the term "EU group" is important. Also, it is necessary to maintain consistency within the sectoral legislation. We are concerned that the changes introduced may create confusion and ambiguity, particularly as they alter the drafting approach of both the legislative text and the explanatory memorandum. We would appreciate further clarification on these aspects. FR (Comments): We strongly support the introduction of the notion of an "asset management group" in both the AIFM and UCITS Directives. This concept is essential to better reflect the organisational reality of asset managers operating across the Union and to enable them to fully leverage their EU footprint, without unduly duplicating functions across management companies. In this regard, we consider it appropriate to distinguish intra-group arrangements within the EU from third-party and extra-EU delegations. FI (Comments): FI: We support the introduction of an "EU group" and that as a good to step in rationalisation of outsourcing and sharing of tasks in the most efficient way within a group. However, it should be considered whether insurance/assurance companies as group entities could be included to the EU group definition. DK (Comments):

PCY questions	Comments
	Denmark supports the notion of EU group at level 1. However, as a general comment, it is important to us that any facilitation of intra-group resource-sharing within the EU Group is accompanied by clear procedural and substantive conditions. DE (Comments): We support an EU group definition; it is important to focus the definition on entities under EU supervision. The group definition should be as coherent as possible with the group definition under the proposed Art. 110b UCITSD and Art. 47a AIFMD. CZ (Comments): We have been strong supporters of a market-led approach and maintaining liability as long as the model is effective and competitive in a global sense. The MISP proposal is in some sense cherry picking and we have doubts about the substantial added value that it would bring. We are open and supportive of cutting down on reporting requirements and open on leniency in group delegation, but AIFM should maintain oversight over the delegations based on a risk-based assessment. We are not as supportive of an EU group in the sense that it further introduces territorialism and limits the possibilities to delegate services to entities that are in the group but not necessarily in the EU. We are supportive of a delegation in the group and could imagine some lessening on delegation requirements, but we would like to not introduce other territorial limitations. We would welcome a clarification as to what entities comprise and benefit from this “EU group” notion. Does it include all persons within the group as defined by the Accounting Directive of which a management company/investment firm under MIFID II/credit institution is a member, or

PCY questions	Comments
	only those persons within the group that are themselves EU management companies/investment firm under MIFID II/credit institution? BG (Comments): BG: We do not object in principle to have "EU Group" at L1 text. We can support a clarification that only regulated entities can be part of such a group and that the parent company must be registered in the EU, which was a concern raised during the last WP by other delegations. We are also open to discuss other adjustments as the case might be. BE (Comments): We do not object to facilitating the intra-group delegations and the introduction of the notion of an "EU group" at L1, although it seems preferable to align the notion with the accounting/prudential definitions, which have the advantage to exist already. We think nevertheless that an amended regime for outsourcing in a group context would be a better solution to tackle the group dimension aspect than the proposed regime, which does not clearly determine the limits/conditions of the applicable regime. Anyways, the AMC should remain liable for the intra-group delegation or outsourcing. Clear arrangements should exist so that the NCA of the home can effectively supervise these arrangements and, for example, rely on the competent prudential supervisor of the entity to which tasks are outsourced or delegated. Moreover, some elements should be clarified. In the scenario where a credit institution is the parent company of a management company, does this credit institution therefore belong to the group of the management company concerned? Do the subsidiaries of this parent company that have one of statutes enumerated in the proposal also belong to the group of the management company concerned? AT (Comments):

PCY questions	Comments
	In principle, we are open for the introduction of the notion of an "EU group" at level 1. However, see answers to questions 11-14 regarding necessary amendments / safeguards.
9. In addition, please elaborate on any suggestions MS may deem necessary, to ensure related synergies and risks are sufficiently and efficiently regognised when using the notion of an "EU group" throughout the proposal.	SK (Comments): There is lacking essential information on what kind of resources are shared, among which companies, in which extent. More details are therefore needed, how this concept is expected to be applied in practice. SI (Comments): Should the concept be retained, it should be accompanied by explicit Level 1 safeguards ensuring: (i) the management company or AIFM retains effective decision-making capacity and cannot become a letter-box entity; (ii) full liability for functions performed by other group entities; and (iii) investor protection obligations are not prejudiced. Consistency between UCITSD and AIFMD provisions is essential. RO (Comments): **See the answer to point 8.** PT (Comments): Please refer to our previous question. LV (Comments): See Q8.

PCY questions	Comments
	LU (Comments): Please refer to Question 8. IT (Comments): Please refer to our answer to Question 8, above. GR (Comments): In our view, strong collaboration among NCAs and ESMA must be maintained to ensure the efficiency of the European supervision. On this ground, a notification to the all relevant NCAs shall be considered. FR (Comments): That being said, we acknowledge that the definition of an "EU group" may require further refinement, in particular to ensure that only regulated entities are included in the perimeter of such a group. Moreover, to ensure effective supervision of these arrangements, any alleviation of requirements regarding intra-group resource allocation and delegation should, in our view, be limited to EU entities controlled by the same intermediate parent undertaking established in the Union. Where the ultimate parent undertaking is located outside the Union, access to the associated organisational simplification should be conditional upon the establishment of an intermediate EU parent undertaking controlling all relevant EU subsidiaries wishing to benefit from the regime. FI (Comments): FI: We don't have any suggestions to this point.

PCY questions	Comments
	DK (Comments): We find it is important to ensure that a delegating party within a group is responsible for ensuring compliance with applicable requirements. Therefore, as a safeguard, we welcome the suggestions of requiring notification of delegation to the competent authorities, be it intra-group or external. And we support that notifications should be accompanied by an internal assessment of the delegation by the AIF or UCITS manager. DE (Comments): The group definition should be as coherent as possible with the group definition under the proposed Art. 110b UCITSD and Art. 47a AIFMD. CZ (Comments): We are supportive of lessening the burden in the delegation area, but are not sure that the idea of an "EU group" is the most effective solution. We would prefer to not include the EU group definition as proposed; we would like further clarification on which entities are to be considered part of the group. AT (Comments): See answer to question 8.
10. In case MS oppose to the introduction of an "EU group" definition at L1, please provide suggestions on how the notion of an asset management EU group and the related synergies and risks could be recognised, within the sphere of the UCITS and AIFMs legal framework?	SK (Comments): We are of view that this concept should be accompanied with clear methodology and clarification for national supervisory authorities.

PCY questions	Comments
	SI (Comments): If the "EU group" definition is not retained at L1, the same objectives could be achieved through targeted amendments to the delegation framework, clarifying that intra-group arrangements with duly authorised EU entities may be subject to a lighter notification regime rather than full delegation requirements, complemented by ESMA guidelines. RO (Comments): **See the answer to point 8.** PT (Comments): Please refer to our previous question. PL (Comments): *Even though we don't explicitly oppose the introduction of EU groups, there are some of our suggestions:* *Recognition of group structures through Level 3 guidelines and supervisory practices (assessment of substance, governance, outsourcing), without creating a new legal concept.* *Alternatively: clarification at Level 1/Level 2 of disclosure obligations regarding the use of group resources, but without qualifying this as a separate regime and without exemptions from the delegation framework.*

PCY questions	Comments
	Strengthening convergence through peer reviews and common criteria at ESMA level for assessing "letter-box" risks. LV (Comments): See Q8. LU (Comments): Please refer to Question 8. IT (Comments): N/A IE (Comments): We would be open considering proposals put forward by other Member States who suggested alternative approaches such as addressing intra-group arrangements through risk-based supervisory practices or L3 convergence tools. GR (Comments): No such case DK (Comments): See answers to Q8 and Q9 above. CZ

PCY questions	Comments
	(Comments): We do not have at this stage of negotiation a specific proposal. We believe a general definition of a group should be sufficient in this case. AT (Comments): If a notion of an EU group in inserted, it should be inserted at L1.
2.2.2. Use of intra-group resources	
Relevant Articles: Article 7(1a) UCITSD, Article 7(2a) AIFMD	
Questions to MS:	
11. Do MS support the introduction of specific provisions relevant to the use of intra- group resources? If yes, please provide any suggestions MS may have relevant to such use.	SK (Comments): We propose to better align the possibility to use intra-group resources with provisions on delegation. Use of intra-group resurces should be allowed but not exempted from providing information on use of intra-group resources to the relevant competent authority. SI (Comments): Slovenia is open in principle to provisions reducing burden for intra-group resource use, provided the authorisation file continues to identify resources relied upon and the management company or AIFM remains fully responsible for compliance with all applicable requirements. SE (Comments):

PCY questions	Comments
	We believe that it is important that the NCAs get a comprehensive picture of the organisation of the manager, including its use of intra group resources, on topics such as any conflicts of interest related thereto, irrespectively of whether this is considered as delegation or not. NCAs must also be able to assess the merits of the application, including e.g. if the manager has sufficient resources and how the manager handles conflicts of interest in relation to group companies. RO (Comments): **We abstain on the proposal.** **We believe that more clarification is needed regarding the limit/conditions of the use of those resources by SAIs or AIFMs, including a detailed explanation of what human and technical resources mean, so that the management activity carried out by them is not affected in any way, especially related to responsibility and independence.** PT (Comments): We are sympathetic with the proposal presented by the COM on the use of intra-group resources. Nonetheless, we have some technical questions regarding the specific solution being proposed, which we believe would help support the analysis we are currently developing on this topic: First, it seems that the approach suggested by the COM entails the assumption that intra group delegation is less risky that the use of intra-group resources. For instance, it seems that the provisions on the use of intra-group resources focus on the authorisation stage, while the intra-group delegation seems to be allowed beyond that stage. Second, we also note that branches are currently possible under EU law, which would make the topic of usage of intragroup resources void.

PCY questions	Comments
	In conclusion, we believe that it would be important to consider the possible introduction of additional specific provisions clarifying the use of intra-group human and technical resources, as they reflect the operational reality of EU asset management groups and enhance legal certainty at authorisation stage. Such provisions should, however, be accompanied by clear requirements on effective access, governance, accountability, and supervisory visibility, ensuring that responsibility remains with the authorised entity and that NCAs/ESMA retain the ability to assess risks on a case-by-case basis. In all circumstances, it must be ensured that the organisational requirements, their implementation and their ongoing maintenance remain the responsibility of the management company and its executive body, which is under a duty to ensure the sound and prudent management of the entity. Its organisational structure must therefore be adequate and capable of fully meeting the applicable legal requirements. LV (Comments): We support concerns that removing information requirements on intra-group arrangements could reduce supervisory visibility at the authorisation stage and make it more difficult for competent authorities to assess whether a management company or AIFM has sufficient substance, governance and operational capacity to comply with its obligations LU (Comments): We do not support the introduction of specific provisions in the UCITS Directive and AIFM Directive concerning the use of intra-group resources. Please refer to Question 13, which is linked to Questions 11 and 12, and where we present our consolidated position on the use of intra-group resources / delegation. IT

PCY questions	Comments
	(Comments): Please refer on the matter to our answer under question 8. As said above, **the reliance on functions, services and resources provided by other entities of the same group is not free from risks and therefore shall be adequately managed and monitored**. Also, consistency should be ensured between the rules governing delegation within asset managers groups and other sectoral frameworks on outsourcing, which are relevant for the other components of manager groups. Moreover**, it is of the utmost importance that reliance on intra-group resources does not affect the independence of the management company or AIFM**. The use of resources, services or functions provided by other entities of the same group should not interfere in any way with the specific features of collective investment management and the obligation to pursue the best interest of the investors. This may result difficult especially where the delegation regime (including monitoring and controls on the delegated entities) is derogated and where the services/activities/resources are performed by the parent company of the group – on which the asset manager may not have strong control. When using intra-group resources, in particular, the asset manager should in any case: i) be able to access and employ resources independently and in accordance with the specific features of collective investment management; and ii) remain responsible for the activities performed by the human resources provided by the group entities. Finally, it should be noted that the concept of intra group resources may overlap with the notion of delegation; having two separate regimes may therefore result in an overlap between the respective frameworks. The rules on the delegation of functions, which are designed to mitigate the risks arising from the performance of a function by a third party, do not necessarily fit cases of intra group use of resources, such as the use of employees from another group entity.

PCY questions	Comments
	GR (Comments): Greece takes note of the proposal and recognizes that intra-group resource arrangements are common in practice, following new business models. Greece is open to discussing specific provisions that facilitate such arrangements, provided that appropriate safeguards are ensured so that supervisory visibility. Precise information requirements at authorization and clarity on how intra-group reliance operates in practice would support this objective. FR (Comments): As previously mentioned, we agree that reliance on intra-group resources differs in nature from outside delegation and therefore justifies a more proportionate regulatory treatment. We consider that the approach proposed by the Commission strikes the right balance, since information on the human and technical resources of other entities are to be submitted by the management company as part of the authorisation process. FI (Comments): FI: Yes, we support. We don't have any detailed suggestions so far. DK (Comments): In principle, simplifying the framework could be beneficial. However, we find it important that the management company or AIF manager can still retain effective control over their delegations.

PCY questions	Comments
	We support the idea that, where a management company or AIF manager relies on human and technical resources within its EU group, the authorisation file should explicitly identify those resources. We also support that the competent authority should not be allowed to make authorisation of the AIF or UCITS manager conditional on refraining from such intra-group reliance. Finally, we support information requirements in the form of a notification to the competent authority from the AIF or UCITS manager when new intra-group delegation is entered into, rather than only during authorization. However, the delegating entity should still ensure it receives information on an ongoing basis regarding delegated functions from the service provider. DE (Comments): We support simplifications of intra-group delegations within the EU. It is important that the changes are risk-appropriate and practicable given the different ways asset management groups are structured and the role of liability provisions. CZ (Comments): We would understand this proposal through the lens of eliminating in our view some of the unnecessary administrative burden, and as such would support it. We support facilitating the use of intra-group resources in order to provide economy of scale, though liabilities still need to be maintained. BG (Comments):

PCY questions	Comments
	BG: We view such provisions positively. We are open to discuss adjustments as well. We consider it necessary to have a clear delineation between the use of intra-group resources and delegation. BE (Comments): We question whether the proposed derogation is necessary as it will create inconsistencies with the existing delegation framework. Supervisory authorities must retain sufficient tools to assess substance and operational resilience at authorization and on an ongoing basis. So, any facilitation of intra-group resource use should be clearly framed, limited in scope and accompanied by adequate safeguards to ensure legal certainty, effective supervision and investor protection. Additional safeguards could be explicitly included, such as a condition that the use of intra-group resources must not compromise the sound and prudent management, proper functioning or independence of the management company or AIFM. The AMC should remain liable for the intra-group delegation or outsourcing. Clear arrangements should exist so that the NCA of the home can effectively supervise these arrangements and that conflicts of interest are adequately managed. Supervisory authorities must retain sufficient tools to assess substance and operational resilience at authorisation and on an ongoing basis. Finally, we think that the best solution would be to amend the regime for outsourcing in a group context in order to tackle the group dimension aspect, rather than introducing this new regime. AT (Comments): In principle, we are open for simplifications for intra-group use of resources as part of a risk-based supervisory approach. However, it should be further clarified that certain information still has to be submitted to the competent authority (and which information that shall be). In addition, we are skeptical with regards to the exemptions for delegations of core tasks of an asset manager in order to avoid the creation of pure letterbox companies. The introduction of safeguards to ensure that no letterbox companies exist, could be considered.

PCY questions	Comments
12. If MS disagree with the introduction of these provisions, please explain.	SI (Comments): N/A — see Q11. RO (Comments): **See the answer to point 11.** PT (Comments): Please refer to our previous question. LV (Comments): See Q8. LU (Comments): Please refer to Question 13. IE (Comments): We understand that the use of intra-group resources is commonplace in the asset management sector and may result in cost efficiencies and economies of scale that may ultimately benefit investors. However, this must be balanced against the local risk management perspective, i.e. the possibility that entities do not possess sufficient substance and regulatory obligations are not complied with. We have concerns that the proposal moves away from the well-established regulatory approach which requires that local entities have sufficient

PCY questions	Comments
	substance to operate and to appropriately manage risk at the level of the local entity. We would not support any amendments that erode the current model and could allow entities to operate as de facto letter-box entities. We would also note that, from a purely outsourcing risk perspective, intra-group resource sharing does not reduce the requirement to manage such relationships and in fact such arrangements may introduce additional risks to be managed e.g. conflicts of interest. GR (Comments): No such case DK (Comments): See Q11.
2.2.3. Intra-group delegation	
Relevant Articles: Article 13(2) and (3) and Article 7(1a) UCITSD, Article 20(3) and (6a) and Article 7(2a) AIFMD	
Questions to MS:	
13. Do MS support the Commission's proposal? If yes, elaborate on any clarifications MS may deem necessary to ensure robustness of the proposal.	SK (Comments): Yes. SI (Comments): Slovenia has concerns regarding the exclusion of intra-group arrangements from the delegation framework. Removing these arrangements from delegation requirements at the authorisation stage may reduce supervisory

PCY questions	Comments
	visibility over substance and governance. We would support a more proportionate treatment — such as lighter notification rather than full exemption — where the group entity performing the functions is duly authorised under Union law. SE (Comments): We note that this would mean a substantial change compared to the current order. The different companies within the EU group are different legal persons that need to comply with different sectorial rules. A sound internal governance of each legal entity is crucial. Intra group outsourcing may often give rise to conflicts of interest, and it is important that such issues are not overlooked. We believe it is important that the NCAs receive information also with regard to intra group outsourcing, to enable NCAs to assess whether the entities have sufficient resources and handle conflicts of interest. RO (Comments): **In view of the opinion in point 11 above, we are reserved regarding the proposal for art. 13 (2) UCITS and art. 20 (3) AIFMD, especially since in our opinion greater clarity is needed regarding the use of resources, so as not to affect the management company/AIFM's ability to make decisions, nor the possibility of the NCA to verify the independence/accountability of the management company/AIFM.** PT (Comments):

PCY questions	Comments
	Concerning questions 13 and 14, as we previously mentioned, we are sympathetic to the approach proposed by the COM, given the efficiency gains it could entail if well designed. In any case, what in our perspective should be avoided is the possibility of the use of the intra-group delegation leading to a situation where asset managers become letter box entities and give rise to increased risks of forum shopping. For instance, considering the current analysis which indicate a close interlinks of the asset management sector with credit institutions and the calls for a review of the macroprudential framework is there any possibility that a greater facilitation of intra-group delegation could lead to an increase of the prudential risks for the entire group? PL (Comments): *We do not oppose. However, in our view there is a lack of a coherent approach to delegation to third countries, creating a risk of loopholes and unequal treatment.* *If the changes were to be maintained, a clear and measurable Level 1/Level 2 criteria are needed in order to limit discretion and the risk of fragmentation.* LV (Comments): LV can support the suggestions included requiring minimum, standardised information on the human and technical resources used within the group, explicitly reaffirming that management companies and AIFMs remain fully responsible for all functions performed, LU (Comments):

PCY questions	Comments
	We understand the objective of the Commission's proposal on intra-group delegation and the objective to avoid disproportionate requirements in respect of asset managers operating delegation arrangements within integrated groups. However, the proposal presents several shortcomings: 1) removing information requirements on intra-group arrangements would inevitably reduce supervisory visibility at the authorisation stage, weaken existing safeguards and hinder the NCA's ongoing supervisory work. Furthermore, it appears that it is not required for intra-group reliance to be established through a formal contractual framework. This situation would create legal and operational uncertainties, as roles, responsibilities, and accountability lines have to be documented. Beyond purely regulatory considerations, formalisation through a contract is also necessary for corporate and governance reasons – to ensure that each company can demonstrate its corporate interest, that transactions are conducted at arm's length, and to address potential tax and liability implications. Without such arrangements being properly documented, there would be greater risks of non-compliance, disputes, and governance weaknesses; 2) the proposal to treat intra-EU group delegation more favorably would create an unlevel-playing field between groups acting purely within the EU and those acting globally, thus potentially depriving European investors from having access to the best risk and management capabilities; 3) we disagree with the assumption that third country (intragroup) delegations are per se riskier than intra-European delegations. This has not been demonstrated until today; 4) other regulatory requirements (including, *inter alia*, the EBA outsourcing guidelines, DORA, and transfer pricing rules) would continue to apply to the relevant EU group companies, limiting the practical impact of the derogation and creating fragmented outsourcing regimes depending on the parties to the delegation and the function outsourced.

PCY questions	Comments
	As a matter of principle, we consider that greater proportionality regarding intra-group delegation can be achieved without reopening level 1 provisions on delegation and intra-group arrangements. Indeed, the delegation framework has been recently amended by Directive (EU) 2024/927 and should be fully transposed before any further changes are considered. We are of the opinion that there is no need to introduce a specific exemption for entities belonging to groups. For all the above reasons, we believe that a risk-based approach (as explained in Question 14 below) should instead be implemented for all (EU/non-EU) delegation arrangements. Such an approach would inherently recognize if an intra-group intra-EU delegation carries a lower risk, without challenging the possibility for NCAs to apply more stringent conditions for those arrangements carrying a higher risk. In any event, investment fund managers must remain legally responsible for delegated functions and continue to apply sound governance principles to delegated activities. We therefore suggest deleting the intra-group delegation concept from the MISP proposal. IT (Comments): Please refer to our answers to Questions 8 and 11. GR (Comments): We are open to discussions. Though, clarifications would be useful regarding the criteria for assessing whether management companies and AIFMs retain sufficient human and technical resources, effective decision-making capacity

PCY questions	Comments
	and operational substance when relying on group entities, as highlighted in the preliminary discussions among MS. It is essential to ensure legal clarity on Level 1, especially concerning the liability. FR (Comments): To the extent that the entities concerned are controlled by the same intermediate parent undertaking established in the Union (see our answer to Q9), we support the simplification of delegation arrangements between EU entities within asset management groups. In order to fully operationalise this framework, we consider that the requirement that a management company must not rely on functions or services provided by other entities of its EU group to the extent that it would become a letter-box entity should be removed. FI (Comments): FI: Yes, we support the COM proposal. We don't have any needs for clarifications, yet. ES (Comments): We support the proposal. However, it is understood that there is room to introduce additional safeguards to alleviate the concerns of other Member States (MS), as well as to further refine the concept of "group of management companies" (which some MS consider to be imprecise). DK

PCY questions	Comments
	(Comments): We are for now still scrutinizing the proposal that intra-group delegation arrangements should not qualify as delegation. This would be a shift from the common EU practice of not differentiating between intra or extra-group outsourcing. Intra-group reliance may raise similar risks to delegation to external parties. It is also important that the delegating AIF or UCITS manager has sufficient control of the delegated services, even if the service is intra-group, which could be made more difficult if it is not regulated. We think a possible solution would be to establish a regime of less stringent requirements for intragroup delegation, rather than disqualifying this from being delegation altogether. DE (Comments): We support simplifications of intra-group delegations within the EU. It is important that the changes are risk-appropriate and practicable given the different ways asset management groups are structured and the role of liability provisions. CZ (Comments): We are in favour of easing administrative burden; if the goal is to have better functioning capital markets, then making some concessions is necessary. The delegation framework was in our view made unfortunately burdensome in AIFMD 2, so any step in the right direction is welcome. Also, Art. 13 para. 3 refers to requirements set out in para. 1 — which under AIFMD II are a notification requirement rather than just a delegation requirement. We read para. 3 as leniency from notification, but not from the

PCY questions	Comments
	delegation requirement, and would appreciate clarification from the Commission on this point. BG (Comments): BG: We believe that there should be clear requirements ensuring that responsibility remains with the authorised entity and that NCAs retain the ability to assess risks not only at the stage of authorisation, but also afterwards. BE (Comments): We consider that clear substance and delegation safeguards should be maintained while allowing targeted simplification. Minimum standardized information on the human and technical resources used within the group should be given (see Article 12.1(a) and (b) of the UCITS Directive). It should be reaffirmed that management companies and AIFMs remain fully responsible for all functions performed. It must be clear to the home NCA which tasks are delegated and how this is organized. The tasks should be performed by an entity with the appropriate license. There should be sufficient resources within the entity itself to supervise (intra-group) delegated activities. For the latter, minimum standards could be adopted. Moreover, the activities of the delegating party must go beyond merely exercising control over delegations in order to avoid allowing letterbox entities. It should be clarified that the regime only applies for entities under prudential control in a EU MS. The following condition should also be clarified: *"(c) the entity has been duly authorised (...) »* : authorised by whom? Does this imply that every entity to which something is delegated, should dispose of a prudential licence? Finally, we are of the opinion that the necessary mechanisms must be put in place to enable cooperation between the supervisory authorities concerned. AT (Comments):

PCY questions	Comments
	In principle, we are open for simplifications for intra-group use of resources as part of a risk-based supervisory approach. However, it should be further clarified that certain information still has to be submitted to the competent authority (and which information that shall be). In addition, we are skeptical with regards to the exemptions for delegations of core tasks of an asset manager in order to avoid the creation of pure letterbox companies. The introduction of safeguards to ensure that no letterbox companies exist, could be considered.
14. In the event MS do not support the Commission's proposal, do MS believe that the risk-based approach be operationalised via L2 and/or L3 mandates rather than a L1 exemption? Please explain.	SI (Comments): Yes. We consider a risk-based approach to intra-group arrangements better operationalised through L2 and L3 measures than a blanket L1 exemption, allowing ESMA guidelines to differentiate based on the regulatory status of the entity, the nature of functions, and the level of control retained by the authorised entity. RO (Comments): **We believe that clarity and coherence between the provisions of the UCITSD and AIFMD are needed to ensure legal certainty, effective supervision and consistent application, while avoiding unnecessary administrative burden.** PT (Comments): Please refer to our previous question. PL (Comments):

PCY questions	Comments
	We would prefer L2/L3. ESMA guidelines and RTS should clarify how to assess substance, governance, and control over functions (including within groups), rather than creating broad exemptions. *Peer reviews and common supervisory practices are more flexible and better suited to diverse business models than rigid Level 1 provisions.* LV (Comments): To be introduced in Level 1 text. LU (Comments): As an alternative to the Commission's proposal, rather than opening the level 1 text, we recommend the application of a risk-based approach in a group context which should be recognized/detailed in level 3 texts and applied consistently by the NCAs. ESMA already recognises, in its Principles for third-party risk supervision, that outsourcing requirements should follow a risk-based approach. Intra-group arrangements generally involve lower risks due to easier access to information and shared systems. This justifies lighter oversight through supervisory review rather than a formal exemption. (Cf. ESMA, Principles on third-party risks supervision, June 2025). Hence, applying a more risk-based approach within group structures would help reduce the administrative burden. To conclude, we consider that there is no need to introduce a specific exemption for entities belonging to groups. Instead, a risk-based approach

PCY questions	Comments
	should be implemented for all delegation arrangements, which would inherently recognize that an intra-group delegation carries a lower risk. As said before, we therefore suggest deleting the intra-group delegation concept from the MISP proposal. IT (Comments): **Intra-group delegation of functions within EU groups of managers should be in any case regulated by L1 provisions that set clear and stable parameters**. L2 and or L3 mandates may only clarify specific details thereof. Finally, the adoption of a risk-based approach on intragroup delegation of functions, where rules and procedures vary on the basis of specific factors, such as the size of the entities involved, may introduce additional elements of complexity. IE (Comments): We question the assumption that appears to underpin this proposal, i.e. that intra-group delegation is inherently less risky than delegation to third parties. The experience of our NCA is that intra-group reliance raises similar risks to third-party delegation, particularly where key functions are effectively performed outside the authorised entity. It is therefore important to maintain supervisory visibility. As a result, we are very concerned that the proposal to provide for a derogation from Article 7(1)(e) means that EU group entities using intra-group delegation would not have to provide regulators with any information regarding that arrangement. Given the absence of any clear regulatory reasoning, we don't believe that it is possible to support this proposal.

PCY questions	Comments
	As a point of principle, we do not believe that it is appropriate to distinguish between different models of delegation as there are risks associated with all delegation which requires proper monitoring and oversight. We believe that the Commission's proposal introduces a multi-tier framework in relation to delegation and risks fracturing the current framework with different requirements applying to different models. This will create additional complexity and uncertainty and lead to the erroneous perception of intra-group delegation being less risky than other delegation models. GR (Comments): No comment DK (Comments): We think a possible solution would be to establish a regime of less stringent requirements for intragroup delegation, rather than disqualifying intragroup delegation arrangements from being delegation altogether. We would prefer to do this in the L1 text. CZ (Comments): Risk-based approach is an option. AT (Comments): We do not support the introduction of new rules regarding EU groups and simplification of intra-group use of resources via L2 and L3 instead of L1.
3. ESMA's New Powers	
3.1. Annual Review of large EU groups	

PCY questions	Comments
Relevant Articles: Article 110b UCITSD, Article 47a AIFMD, Recitals 14-15 of Master Directive	
Questions to MS:	
15. Do MS support the Commission proposal? If yes, please elaborate on the following issues addressed by the proposal:	SK (Comments): Yes. SI (Comments): Slovenia has significant reservations regarding the proposed annual review mechanism. While we recognise the objective of enhancing supervisory convergence for large cross-border groups, we question whether a mandatory annual review adds sufficient value compared to existing supervisory convergence tools. The mechanism risks being resource-intensive for both ESMA and NCAs and could introduce an additional supervisory layer without clear efficiency gains. SE (Comments): We acknowledge the need for supervisory convergence but are sceptical to whether this is the right way to go. First, we do not consider the purpose of the proposal to be sufficiently clear—neither in the recitals nor in the articles. Such clarity should be the starting point when proposing substantial changes to supervisory frameworks. Secondly, we are not on-board with the problem definition. Based on the information available to us, Swedish stakeholders generally do not identify supervisory issues within investment fund regulation as a primary barrier to cross-border activity. Instead, national distribution channels and other domestic obstacles—such as tax-related barriers—appear to play a more significant role. From our perspective, supervision is not the main impediment to the development of

PCY questions	Comments
	large asset managers in the EU; rather, it is the limited access to pension capital. The focus should therefore be directed towards increasing both direct and indirect savings in capital markets. Following discussions with the Commission, we understand that the intended objective is to establish common supervisory practices in order to reduce divergences in supervision. If this is indeed the aim, we find it inappropriate that only NCAs in certain Member States would participate in this exercise. Limiting participation to a subset of NCAs risks creating common supervisory practices based on the experiences of a small number of authorities, while the benefits of the exercise—such as information sharing—would accrue primarily to those NCAs included. At the same time, all Member States would be required to contribute to financing the exercise. We also see a risk that a yearly review of certain large EU groups could lead to supervisory processes and solutions being tailored to the needs of larger groups at the expense of smaller competitors, creating an un-levelled playing field. If the aim is to harmonise the supervision of funds in general, we should ensure that it does not exclude or impede small companies due to excessively high requirements (large company bias) as it would negatively impact competition. As recital 14 is currently formulated, the exercise appears intended to improve supervisory efficiency for large EU groups specifically, rather than to harmonise supervisory standards that today hinder cross-border activity for asset managers regardless of size. Finally, we remain sceptical as to whether the review can be justified given its costs and the overall aim of reducing burdens for both firms and authorities. The measures should not, for example, result in increased resource requirements for national authorities. RO

PCY questions	Comments
	(Comments): **See the answer to point 8 -11.** PT (Comments): In relation to questions 15 and 16, we are still assessing the proposal. Nevertheless, we would like to share some considerations that result from our assessment so far: From a policy perspective, the proposal for an ESMA-led review of large EU asset management groups can be supported as a proportionate response to the reality of highly integrated, cross-border groups. However, we believe that it could be further improved. First, the exact frequency of the review, rather than being fixed in law, should be determined by ESMA and the relevant NCAs through a Level 3 act. This act should also clarify the methodology for the assessment, as is the case under the IFD for SREP, ensuring that the process is transparent for the market operators, consistent, and risk-sensitive. This approach allows flexibility to adjust the depth and intensity of reviews depending on group stability, prior findings, and changes in organisation or risk profile, preventing the exercise from becoming a formalistic compliance loop. Second, the identification of large EU groups and the updating of the list remain important design elements. The EUR 300 billion AUM threshold combined with cross-border activity in more than one Member State strikes a reasonable balance between relevance and proportionality, targeting roughly the 10–15 largest groups. While a three-year update cycle ensures stability, it should be complemented by a targeted interim update mechanism to capture material corporate events, such as mergers, restructurings, or sharp AUM growth. Also, it should be clear in the final proposal that inclusion on the list is not a prudential or conduct signal, but purely a trigger for enhanced supervisory coordination.

PCY questions	Comments
	The scope and content of the review seem to be appropriately constrained, by focusing on organisational structure, governance, resource allocation, and risk management systems. However, we are still studying the effects and possible overlaps with reviews from other competent authorities in the case of groups including credit institutions and investment firms. Finally, governance should remain cooperative, with ESMA leading the analysis in close coordination with NCAs. With these conditions, the review can serve as a targeted supervisory-convergence instrument, limited to the largest cross-border groups. Regarding the proposal on how these reviews will be financed, we are still assessing the pros and cons of what has been proposed. Nonetheless, we were not opposed to the initial Recital presented by the COM, as this initiative should be financed by market operators, who would directly benefit from the resulting supervisory convergence gains. PL (Comments): *The Commission's proposals require careful assessment; however, we do not reject them outright in their entirety.* *Facilitating the operation of capital groups, including the intra-group use of resources (in particular through exemptions from the delegation regime), would reduce the ability of supervisory authorities in the Member States where the entities using such services/resources are established to exercise effective oversight. This may particularly affect supervisors responsible for smaller subsidiaries within a group. At the same time, the "smaller" size of an entity in the context of the entire group does not mean that its market share at national level – and thus the risks associated with its activities – are negligible.* *In this context, one may see some room for strengthening ESMA's role compared to the current framework, in particular by entrusting it with*

PCY questions	Comments
	monitoring the effectiveness of supervision over the capital group as a whole, especially over the parent undertaking and those group entities (including those making resources available intra-group) that generate material risks for other entities or markets. *At the same time, it should be considered whether, instead of transferring certain supervisory functions directly to ESMA, it would be more appropriate to maintain the existing model in which ESMA monitors the supervision exercised by individual NCAs. This would include not only formal peer review processes, but also enhanced information-sharing through the presentation and discussion of specific supervisory cases and processes (case studies).* *Such an approach would reduce duplication of tasks between ESMA and NCAs and significantly limit the costs of any new ESMA activities.* *The issue of costs nevertheless requires further analysis. We therefore agree with Belgium's suggestion that this aspect should be developed in greater detail, followed by the EC's non-paper. The original approach, based on fees levied on supervised entities, would ensure that the costs of additional activities are borne by those whose operations generate them – which is broadly consistent with the model of supervisory funding applied in Poland, as well as in many other EU Member States. By contrast, charging such costs to supervisory authorities raises questions as to the method for calculating the share attributable to individual NCAs. It is difficult to envisage a fair mechanism based on a uniform, arbitrarily defined parameter that disregards the scale of activity of the entities subject to additional supervision, including its geographical distribution or the extent to which they make use of the new facilitations provided under the proposed rules (MIP), and thus disregards their contribution to increased supervisory risks.* LV

PCY questions	Comments
	(Comments): LV is not supportive to the Annual review proposals for number of reasons: 1) There is a contradiction with simplification objectives and there are additional and significant costs for all MS. 2) There are no indications that supervision at the NCA level is currently insufficiently effective. 3) Moreover, the benefits intended to be achieved by maintaining such a review are not entirely clear. 4) At the same time, there are concerns that such annual ESMA reviews would be resource intensive and costly for both NCAs and ESMA and would create a significant burden. 5) It could also create a new layer of supervision. LU (Comments): We firmly oppose the introduction of an ESMA annual review of large EU groups and call for its complete deletion. As a preliminary remark, we find it difficult to understand which specific issues this proposal seeks to address, and how it would effectively contribute to increasing the share of EU citizens' savings invested in investment funds. We also question the need for introducing a new annual ESMA review, given that, according to the impact assessment, respondents to the consultation generally considered that enhanced supervisory convergence and coordination among NCAs on cross-border matters can already be achieved under the existing legal framework with the existing convergence tools. The proposed ESMA annual review of NCA supervisory approaches for large EU groups would *de facto* allow ESMA to second-guess NCAs supervision made in the past. This contradicts fundamental principles of EU law, including the protection of legitimate expectations and legal certainty. Indeed, allowing ESMA to challenge NCAs' decisions ex-post creates uncertainty for

PCY questions	Comments
	the industry and is in total contradiction with the EU's competitiveness and innovation goals. Predictability of supervisory outcomes is a prerequisite to creating a climate that is conducive to business stability and confidence. The MISP proposal is concretely adding here a second layer of supervision thus creating redundancy in the supervision of individual entities. Indeed, such an annual ESMA review would turn ESMA *de facto* into a regulator of national regulators, thereby shifting supervisory authority from the NCAs to ESMA. This new power also blurs the division of responsibilities between ESMA and NCAs. In addition, the annual review mechanism is tied to new powers notably allowing ESMA to suspend the distribution of financial products. This combination would be highly disruptive for market participants, which would ultimately bear the consequences of supervisory approaches identified as shortcomings by ESMA. Furthermore, this new power granted to ESMA would create substantial additional administrative burdens for both NCAs and ESMA itself, as well as additional costs, while it remains unclear who would ultimately bear these costs. In any case, fees are likely to increase as well, as the NCAs will spend more time on the supervision on those entities due to their collaboration with ESMA. At the same time, this new ESMA power does not appear to deliver meaningful benefits for financial markets or financial stability, which runs counter to the SIU's objective of simplification. Additionally, the scope of ESMA's annual review is unclear, particularly regarding what constitutes "diverging, duplicative, redundant or deficient supervisory approaches", creating uncertainty and potential inconsistency in its application.

PCY questions	Comments
	We also question the methodology that will be used to identify large EU groups. Markets are dynamic and constantly changing, meaning a group could quickly move into or out of the review scope. As a result, the proposal lacks legal certainty. It would take ESMA years to build the expertise and train sufficient staff necessary to adequately supervise large asset management companies across a wide diversity of asset classes and investment strategies. The scope of information required from ESMA to achieve such convergence is too broad and will create a heavy bureaucratic burden for NCAs, distracting them from more urgent matters. Article 110b UCITS Directive and Article 47a AIFM Directive do not foresee a legal procedure to objectively review the conclusions of ESMA. We consider it is absolutely necessary that an objective check is foreseen. Finally, to allow NCAs to effectively evaluate the implications of the new ESMA powers, we recommend, as also requested by Belgium during the working party on 19 February, that the Commission provides a non-paper outlining the fees and costs that the MISP proposal would entail. This would ensure transparency and enable a thorough assessment of the financial and operational impacts on NCAs. IT (Comments): From a general perspective we acknowledge the need to reinforce ESMA's role and powers in ensuring a consistent approach to supervision across the Union. However, in designing the new mechanisms, it is essential to strike an appropriate balance between effectiveness, the timeliness of interventions in

PCY questions	Comments
	relation to actual needs, and the efficient use of NCA resources (with a view to cost containment). **Therefore, we have concerns on the proposed ESMA review power on large EU groups**. More in detail: Firstly, the scope of ESMA's review seems to be twofold, as it is intended to cover not only the managers and other authorised entities within the group, but also the national competent authorities with regard to the supervisory approaches they apply. As regards this latter aspect, the newly introduced provision appears to overlap with a range of tools (e.g. peer reviews) already existing in the current regulatory framework. Secondly, the annual review mechanism appears to be based on a highly procedural and rigid approach, which may be poorly suited to the need for timely supervisory action, and might also be burdensome for NCAs as well as for the groups involved The proposed approach may have negative implications on the performance of supervisory tasks by NCAs, the certainty of supervisory decisions and the complexity of supervisory processes/procedures/timelines. This power may indeed increase the overall complexity of the supervisory system, since it would require greater interaction between NCAs and ESMA, and may and slow down – or even act as a deterrent and hinder cooperation, information-sharing and timely decision-taking by NCAs. Moreover, the regulatory framework already grants ESMA a range of convergence tools (e.g. peer reviews, CSA, supervisory briefings) aimed at ensuring uniform supervisory practices in Member States. Finally, we discourage the creation of new supervisory models and rather prefer to rely on past experience and already existing models, which proved to be successful**. In this respect, please refer also to our answer to Question 18, below.**

PCY questions	Comments
	GR (Comments): We support the Commission' s proposal. In our view, it is beneficial NCAs of host member states also to be consulted. Additionally, in all cases, we consider of equally importance not creating disproportionate administrative or financial burdens, as well as minimizing resource commitment and avoiding additional funding contributions, adhering to the principle of proportionality. FR (Comments): We take note and support the proposed introduction of reviews on large cross-border asset management groups. We strongly believe that strengthening the EU level of supervision is necessary, since a more integrated EU supervision could make a significant contribution to improving cross-border managers' operations and competitiveness. We consider that the periodic review exercise can serve as a useful lever to enhance the operational efficiency of large asset management groups, provided that it does not translate into an additional operational burden for these groups. In this respect, we welcome the fact that reviews are confined to the analysis of data, information and documentation already available to ESMA and national competent authorities, thereby avoiding new reporting layers. It should also not translate in disproportionate additional fees for those groups. That being said, we do not view this exercise as the sole avenue to achieve greater efficiency and convergence, and would be open to exploring

PCY questions	Comments
	complementary or alternative solutions, such as the establishment of mandatory supervisory colleges for these groups under ESMA leadership. FI (Comments): FI: We are open to the proposal and to set €300 billion in AuM/NAV as one of the criteria in the ESMA led review process proposed for the largest EU groups. However, the cireteria for identifying the largest groups should not be sensitive to short-term market fluctuations, but the criteria should be somewhat stable in nature. For example, by defining clear grounds for a sufficiently long obsevation period for specifying the criteris. Besides, the frequesncy of reviews should be considered. We tend to consider that "at least annually" may be a too frequent process. ES (Comments): We are in favor of the annual review of Large EU groups. However, we would like to see more ambition in this area. DK (Comments): Preliminarily, we are a bit sceptical of the proposal for annual reviews, and it is our view that the scope and purpose of the reviews are unclear. Our suggestion is to include in the text, how these reviews will be done, as it is a bit unclear to us. Like ESMA will not be physically part of inspections and will only request in writing how inspections in general are done or how a specific recent inspection was carried out. ESMA will not ask the NCAs to carry out specific inspections or topics of inspections, except as part of CSAs. It is important that this will not place a burden on market participants, and it is important that it will not be too bureaucratic for NCAs. In that regard, we should be mindful that reviews on national target areas or ESMA CSAs could create overlap and burdens.

PCY questions	Comments
	We fear they will become a bureaucratic burden and could be at odds with national risk-based supervisory approaches. On the other hand, we also recognize the potential benefits for supervisory convergence, and as such agree with the intention of the proposal and enhancing oversight of entities that operate in multiple jurisdictions. However, we find the annual review to be too often. While we recognize the value that the annual reviews could have, we would suggest more predictability of ESMA's reviews, such as an early notice from ESMA to the NCAs of when the review will happen and what the focus will be. Further, an annual review could result in more of a continuous administrative burden than an actual benefit for NCA's and EU groups. We therefore suggest a review after two years from entry into force, and from then on only when deemed necessary. We also suggest that ESMA should notify the home NCA prior to initiating a review and provide an adequate timeline for submission of requested in-formation. For now, we have no comments for the conditions to identify each large EU group. For the methodology that ESMA will use, we will welcome transparency with regard to the used methodology. Lastly, we find that it is important the recommendations from ESMA will be non-binding. This will allow NCAs to implement them proportionally to their respective market as well as in line with national law. Binding recommendations could to some extent be seen as indirect direct supervision from ESMA in an area where they do not have the expertise which we do not support. CZ

PCY questions	Comments
	(Comments): The size of our market itself is several times smaller than the proposed threshold, but as we have indicated in the past, we have concerns about the added value of this administratively burdensome exercise. We have reservations towards introducing any additional oversight regimes, even more so one that is a review of a review. In general, the stated goal of supervisory convergence and eliminating divergences would in our opinion be better achieved with the existing tools under the ESMA regulation. We struggle to see where supervisory convergence is failing in the current setting and why the new structure is introduced and necessary. BE (Comments): We consider that it is important to avoid complexity, extra costs and incoherences. It is also important to avoid that such reviews create uncertainties and lack of previsibility for the relevant groups. Moreover, we see that the industry is not in favour to grant the competence to ESMA to proceed to annual reviews of large EU asset management groups. Also, from a more practical point of view, the question arises how the competent authorities of the management companies involved in the ESMA annual review and ESMA itself will be able to deal with the organisational structures and governance arrangements and resources and their allocation inside and outside the EU group when the prudential supervisors of credit institutions or investment firms are not necessarily involved in the process. Moreover, ESMA has no relevant experience in the field, which further question the interest of these annual reviews. With regard to paragraph 8, the question arises how an appeal against ESMA's identification of areas that require supervisory actions can be introduced. Besides that, our initial understanding was that annual reviews would be fee-funded, which made sense. It now seems that the costs related to annual reviews would be financed by the ESMA budget (50/50), implying double costs for the relevant NCAs: relevant NCAs would indeed have to finance ESMA for its role

PCY questions	Comments
	regarding the annual reviews and their own staff for the additional work implied by the annual reviews. This does not seem to be acceptable. To avoid any confusion regarding costs in general, we would ask the Commission to prepare a non-paper explaining more in detail the financial implications of the proposals regarding the annual reviews, the ESMA database, and any other possible additional costs in MISP (in general, so not limited to the asset management part of MISP). We need to know precisely who will pay for what, how much will have to be paid and how the costs have been estimated. This concerns costs for all stakeholders (i.e. firms, NCAs and MS). AT (Comments): We oppose the introduction of an ESMA review of the supervisory approaches of NCAs regarding large EU groups of management companies and AIFMs. The mechanisms would be resource-intensive and expensive and lead to an additional layer of supervision, which is not in line with burden reduction agenda and not the right tool to achieve supervisory convergence. Should such an annual review of the supervisory approaches regarding large EU groups be introduced nonetheless, (1) less frequent reviews than currently envisaged are essential in order to minimize the costs and administrative burden entailed, and (2) the intervals of the updating of the list of large EU groups should be aligned with the frequency of the review taking place. Moreover, should a review be introduced (which we oppose), a definition of the terms “deficient” and “divergent” supervisory actions at L1 is essential. We agree with BE that additional information (to be provided to the MS by the Commission) on the costs incurred by the introduction of such a review mechanism would be helpful.
• initiation and frequency of the review	SI (Comments): The obligation to conduct reviews "at least annually" appears disproportionate and administratively burdensome. A risk-based approach — with reviews initiated where specific cross-border supervisory

PCY questions	Comments
	divergences are identified — would be more proportionate and better targeted than a fixed annual cycle. LV (Comments): Conducting such a review for some 10 large EU groups annually might be too frequent. LT (Comments): Annual reviews would be too burdensome and would create significant administrative burden both for the stakeholders and the NCAs. Therefore the frequency should be reduced, like every 3 years. IT (Comments): Please refer to the answer above. GR (Comments): We agree. FR (Comments): At the very least, we feel that the frequency of such exercises should be capped, at most on an annual basis.
• conditions to identify each large EU Group and frequency of update of the relevant list	SK (Comments): Art. 110b and Art. 47a - We are some doubts to the trust to the list of EU groups of management companies which should be updated every three years. We understand that such EU groups of management companies are not changing frequently, but update of this list every three years will cause that the trust to this list will be very low. We recommend to

PCY questions	Comments
	update this list each year at the beginning of the year. Also in point 3 of this Article is required annual review. SI (Comments): We can accept the proposed EUR 300 billion threshold in principle, subject to further clarification on its practical application — in particular whether a rolling average or longer reference period should be used to avoid volatility-driven changes in the composition of the list. The three-year update cycle for the list appears appropriate for ensuring predictability and stability for the entities concerned. SE (Comments): We see a need for the Commission to clarify which large EU groups they asses will currently be covered by the proposed criteria and which NCAs will be involved in the yearly exercise. In addition, we also see a need for technical clarifications and motivations, for example regarding the selection criteria (the choice of a fixed threshold, whether point b) of art. 110b(1) is a useful criteria as it most likely will be fulfilled by most EU groups, why both AuM and NAV are used, if AuM includes the management of portfolios of investments on a discretionary basis etc.,) We therefore welcome a non-paper to support discussions on this topic. IT (Comments): Please refer to the answer above. GR (Comments):

PCY questions	Comments
	We agree. FR (Comments): We consider that the threshold of EUR 300 bn should be appreciated based on total assets under management, rather than on a "net asset values of management" basis, in order to not unduly favour managers using leverage. We do not have specific comment regarding the three-year period between each update of the list. DE (Comments): The group definition should be as coherent as possible with the group definition under the proposed Art. 2(1)(v) UCITSD and Art. 4(1)(av) AIFMD.
• the scope, content and governance of the review	SI (Comments): The scope of the review should be strictly limited to data already available to ESMA and NCAs through existing authorisation and reporting channels, with no new reporting obligations for the entities concerned. ESMA's conclusions should take the form of non-binding recommendations addressed to the relevant NCAs, without the possibility of ex-post challenge of national supervisory decisions. Reviews should be carried out in close coordination with home NCAs to avoid duplication of supervisory effort. SE (Comments): We would welcome a motivation on the proposed scope of the review and a clarification on whether the list in art.110b(4) is exhaustive or if ESMA shall have the authority to include other matters in its review.

PCY questions	Comments
	We also note that the review of "*supervisory approaches*" will involve a large degree of discretion for ESMA. Should one move forward with the proposal we believe one should consider clarifying the legal framework for ESMA's assessment as well as how the NCAs should be consulted. Furthermore, it is not clear to us how Esma recommendations following the annual review of large EU groups relates to the powers of ESMA set out in the ESMA-regulation. We believe this should be clarified. LT (Comments): Regarding the scope, it is not clear why and how focus on 3 areas (that's internal governance, resource location and internal risk system) would allow to identify divergent, duplicative, deficient supervisory practices. By focusing on these areas, one would identify how internal governance of the group is organised, how resources are allocated but that would not help to identify supervisory practices. Additionally, if ESMA is basically required to rely on currently available data to it and NCAs (this comes from the legal text), ESMA can act on its current mandate to ensure supervisory convergence and analyse supervisory practices already now, and issue recommendations for NCAs where relevant. Do we really need this cumbersome process? IT (Comments): Please refer to the answer above. GR (Comments): We agree. FR (Comments):

PCY questions	Comments
	Regarding the scope, we believe the review should also enable ESMA and NCAs to use real-case examples to identify concrete simplification levers, in particular potential alleviations of reporting and organisational requirements. Finally, funds (and their home/host NCAs) should fall within the scope of the reviews, so as to also examine possible supervisory discrepancies in fund supervision across the Union and promote greater supervisory convergence.
16. In the event MS do not support the introduction of a review by ESMA of large EU asset management groups, do MS consider that supervisory convergence could be achieved more effectively through existing or enhanced tools? If so, which tools and under what conditions?	SI (Comments): We consider that supervisory convergence for large cross-border asset management groups could be more effectively achieved through enhanced use of existing tools, in particular supervisory colleges, peer reviews and ESMA guidelines. These tools allow for proportionate, risk-based oversight while respecting the primacy of NCA supervision. Should additional mechanisms be introduced, they should take the form of non-binding coordination tools, with ESMA's role strictly limited to facilitating cooperation and identifying divergences — without the possibility of ex-post challenge of national supervisory decisions. RO (Comments): **Where an analysis identifies areas that require monitoring by supervisory authorities, we consider that ESMA's conclusions should be formulated as non-binding recommendations addressed to the competent authorities concerned, allowing for proportionate implementation in accordance with national law and within a reasonable timeframe.** PT

PCY questions	Comments
	(Comments): Please refer to our previous question. LV (Comments): In case current supervision at the MS level is considered ineffective or insufficient by the Council Working group, then perhaps it would be more efficient to implement unified supervisory convergence through the supervisory college of the involved Member States or through cooperation platforms, such as those used in the insurance sector. LU (Comments): We are of opinion that the aim of the ESMA's annual review can be met through improved use of current supervisory convergence tools, rather than introducing redundant layers of oversight. The existing articles (CSAs, Peer Reviews, Opinions, Q&A, etc.) provide sufficient means for ESMA to establish convergent practices. Focusing on the improvement of these established mechanisms, rather than targeting only large asset managers, would yield greater benefits. We still disagree with the Commission's view that the existing convergence toolkit has failed to deliver sufficient results and therefore needs to be strengthened to ensure consistency across Europe. The ESMA toolbox already comprises a wide range of convergence instruments, which have not, in our view, been used to their full extent. Moreover, despite explicit requests, the Commission has not provided substantiated evidence that the current convergence tools are inadequate. IT (Comments):

PCY questions	Comments
	It would be desirable to explore the possibility of introducing mandatory supervisory colleges also for large asset managers whose investment funds are marketed across multiple Member States. Esma should have a key role in t**he supervisory colleges**, playing a strong coordination and guiding role. Membership in the new colleges should involve, not only home authorities, but also the **authorities of host countries which – by virtue of their proximity – are better placed to safeguard the interests of local investors**. In defining the procedural aspects of the supervisory college, it is essential to design arrangements capable of delivering solutions to cross-border cases within a very short timeframe. IE (Comments): We remain open to exploring how existing mechanisms could be enhanced to more effectively provide for supervisory convergence. However, we believe that, in all cases, ESMA's role should be limited to facilitating coordination, cooperation and convergence and not extend to enforcement or de facto centralised supervision (by way of challenging NCA's decisions). We have concerns that the proposal for an annual review will lead to supervisory duplication and could create a significant bureaucratic overhead for NCAs with limited benefits. We also believe that the proposed frequency of the review in onerous. Given the extensive analytical, coordination and follow-up work referred to in the Discussion Paper, we question whether this is the best use of ESMA and NCA resources. As a result, we could not support the annual review proposal in its current form. Finally, we are unclear as to the objective of this proposal as reference has been made to a number of distinct objectives: (i) facilitating supervisory convergence; (ii) identifying risks; and (iii) allowing ESMA to get a full picture of the group-wide operations of large asset management groups.

PCY questions	Comments
	If the objective of this proposal is to ensure that there are harmonised supervisory practices across the EU to maximise efficiencies for asset managers operating in multiple jurisdictions, it should be noted that our engagement with large, cross-border asset management groups indicates relatively little appetite for an annual review. GR (Comments): No such case. DK (Comments): Denmark supports the proposal DE (Comments): We are in favour of strengthen supervisory convergence. We note that the proposal contains multiple appropriate instruments to improve supervisory convergence and further market integration through targeted ESMA intervention powers; irrespective of the size of the asset manager. We propose to focus on better institutionalising and harmonising the already existing system of NCA-led supervisory colleges for large asset managers. It is a efficient instrument to enhance information sharing and convergence. We see merit in mandating on level 1 NCAs, with the participation of ESMA, to set up a supervisory college for the largest asset management groups. To enable flexibility and focus on the individual structure of the group, the NCAs should jointly agree on the individual collaboration framework.

PCY questions	Comments
	ESMA should be mandated to set out formal guidance regarding best practices based on the experience with the already existing voluntary colleges. This guidance might set out their structure and functioning, expectations regarding the participation of the asset manager and rules on the exchange of information. The main benefit of supervisory colleges is to connect NCAs and enable them to gain a holistic understanding of a group's structure, for example regarding delegations. Therefore, the aim of the college should be to exchange information and provide recommendations regarding collaboration between NCAs. The college model could also be used in crisis situations to ensure all NCAs have a single point of contact and receive the necessary information without sending parallel requests for information. CZ (Comments): Yes; so far we are unclear on the market failures this addresses, so it is hard to identify the tools. We would appreciate clarification from the Commission specifying what specific past failures to reach convergent supervisory approaches this proposal addresses. BG (Comments): BG: To us these new powers are not quite clear. What is meant by "supervisory deficiency" approach in Article 110b, para 6? BE (Comments): We think that supervisory convergence could be achieved by using existing tools such as peer reviews or possibly by setting up colleges.

PCY questions	Comments
3.2. Powers to address cross-border management, and depositary issues	
Relevant Articles: Article 110c of UCITSD, Article 47b AIFMD of the Master Directive, and Article 14c of the CBDR	
Questions to MS:	
17. Do MS support the intervention and suspension powers granted to ESMA, to address cross-border issues? If yes, please elaborate on any aspects of the relevant proposal, that MS may believe there is need for adjustments and/or clarifications (e.g. how should a "cross-border issue" triggering ESMA action be defined and under which conditions should ESMA be able to act, role of CAs, legal stance and enforceability of the powers)	SK (Comments): We understand that cross-border issues are major barriers for distribution of funds on cross-border basis but we expect to identify the reasons and make adequate corrections. However ESMA might also have different view, maybe not right view, therefore we recommend to consider the proposal to cross-border intervention and suspension powers of ESMA very carefully. SI (Comments): Slovenia does not support the proposed intervention and suspension powers in their current form. The provisions as drafted risk evolving into a de facto supervisory override, with blurred accountability between ESMA and NCAs and insufficient legal certainty at Level 1. The conditions triggering ESMA action — including the notion of a "cross-border issue" — are not sufficiently defined. Should any intervention powers be retained, they should be strictly limited in scope, clearly defined at Level 1, and subject to robust procedural safeguards, including prior consultation with the home NCA. SE (Comments): We understand the objective of the proposed ESMA powers and acknowledge that they could be useful in addressing home/host issues.

PCY questions	Comments
	At the same time, we are concerned that this article isn't proportionate in relation to what it tries to address. It's important that market participants understand who is responsible for supervision, and this article risks creating ambiguities. We are concerned the proposed ESMA powers might create legal uncertainty for firms, which may harm competitiveness. We also need to analyse these provisions in relation to Swedish law. It would be helpful to understand the reasoning behind giving ESMA more far-reaching mandates than NCAs currently have, and whether firms could end up being sanctioned both nationally and by ESMA. In addition, we also see a need to discuss the new powers of ESMA to address cross-border issues in AIFMD, UCITSD and CBDR both in terms of scope and process as well as how they relate to the new articles in the ESMA regulation and national law. This is an important matter that requires further discussion in order to clarify the division of responsibilities between ESMA and national competent authorities. RO (Comments): **We believe that cross-border supervisory frictions could be addressed more effectively through strengthened coordination and convergence tools, clearer procedural safeguards and strengthened consultation mechanisms with national competent authorities, rather than through new intervention and suspension powers.** PL (Comments): *Similarly to Q 15-16, the need to strengthen ESMA's role should not be rejected a priori.*

PCY questions	Comments
	Facilitating cross-border activity, including a reduction in the role of host supervisors, further shifts the supervisory burden to home authorities. At the same time, in Member States that function as financial centres – where products are created with a view to distribution in other EU countries – one may observe a greater propensity for regulatory or supervisory arbitrage, which may constitute a significant additional source of risk. These risks warrant increased attention at ESMA level. *At present, it is difficult to assess how far-reaching the changes should be, including whether new binding powers for ESMA are necessary. Discussions and work conducted within ESMA do not suggest that there are currently serious systemic problems in this area. On the other hand, it must be acknowledged that under the existing regulatory framework, any emerging issues are primarily addressed bilaterally between home and host supervisors.* *Accordingly, analytical work aimed at assessing the scale of risks and possible mitigation measures, as well as convergence activities (mainly soft tools strengthening cooperation and information exchange between national competent authorities), can be viewed positively. By contrast, binding ESMA powers should be treated as exceptional instruments, to be used only in cases of clear and serious supervisory failures generating material risks, or where significant shortcomings on the part of national authorities persist over time despite having been identified.* *In this area as well, a thorough analysis of potential costs and their allocation is necessary (e.g. as suggested in the Belgian non-paper). As in the case referred to in points 15–16, it is difficult to envisage a rigid allocation of costs based on a single uniform parameter. However, in the context of cross-border activity, it appears easier to identify the beneficiaries of passporting arrangements and to develop metrics reflecting the scale of such activity, both*

PCY questions	Comments
	at the level of supervised entities and jurisdictions, which could facilitate a fair and proportionate distribution of costs. *Notwithstanding the above, we note that ESMA's competences should be assessed together with the substantive rules governing cross-border activity, including those extending depositaries' ability to provide services. In particular, the proposed passport for depositary services for retail funds raises serious concerns, given the lack of clarity on approval criteria, the roles of home supervisors of UCITS and depositaries, and their cooperation. In the Commission's wording, the safeguards needed to ensure effective supervision of depositaries—crucial for the proper functioning of funds and investor protection—appear insufficient.* *More broadly, the draft provisions risk prioritising the freedom to provide services over the protection of retail investors, which would run counter to both the spirit of the UCITS framework and national supervisory arrangements. Such an approach could ultimately weaken effective oversight of retail funds.* LV (Comments): Such an increase in ESMA's competence could lead to overlaps in responsibilities and uncertainty regarding the division of accountability between ESMA and the NCAs. It is not clear how greater powers for ESMA would reduce barriers to the provision of cross-border services. LU (Comments): No, we are firmly opposed to these new powers granted to ESMA which are overly intrusive and create significant legal uncertainty for asset management groups.

PCY questions	Comments
	This stems from the consequences attached to the exercise of ESMA's new powers since market participants could have their passporting rights suspended. Supervised entities cannot be considered as adjustment variable for divergences of interpretations between NCAs, and it is therefore unacceptable that they should bear the consequences of such supervisory inconsistencies (which are sometimes due to lack of clarity of level 1 texts). Allowing ESMA to second guess NCAs supervision decisions is highly problematic as it would send a signal that whatever supervisory decision has been made in the past could be challenged and rescinded at a later point in the future. Granting these powers to ESMA effectively positions it as an additional regulator alongside the NCAs, a situation we find unacceptable. Supervised entities must remain under the exclusive supervision of their respective NCAs. In addition, Articles 110c of UCITS Directive and 47b of AIFM Directive do not ensure sufficient stakeholder input, including from NCAs. In any case, such granted powers to ESMA must be accompanied by adequate rights of defense by NCAs and market players. On a slightly separate, but equally important point, we question the legality of ESMA's power to suspend passporting right with respect to an entity to which it has not granted the authorization. We strongly doubt that this is in line with basic legal principles and would respectfully ask the Council Legal Service to look into this matter.

PCY questions	Comments
	Furthermore, as stated under Question 15, the terms "diverging", "duplicative", "redundant" and "deficient" are extremely vague. We share the same concern about the interpretation of "potential cross-border issues.". For example, on "divergence", we have countless examples of situations where the level 1 text happened to be unclear, thereby resulting in divergent applications by NCAs. Such divergences have been successfully resolved through the Q&A tools. We are of the opinion that the role of ESMA shall be circumscribed to fostering cooperation among NCAs as a mediator and, where applicable, assessing the cross-border risks of potential supervisory failures by home NCAs. In any case, the powers must be clearly framed and targeted, while the non-compliance of requirements by funds or managers shall be dealt with by NCAs. ESMA should not be given any binding decision-making authority. Therefore, the suggested new ESMA powers must be deleted. Finally, as these provisions are also linked to depositaries, we also refer to our relating comments in the 3CT. LT (Comments): We support the idea that ESMA would detect instances of divergent, duplicative, redundant or deficient supervisory practices. This is useful and necessary supervisory convergence action that should be one of the main goals of ESMA. The proposed powers of ESMA raise legal question – whether is ESMA can take supervisory actions against the entity that was authorised and is supervised by an NCA. Art 110c UCITSD (same for AIFMD) refers not only to actual divergent duplicative redundant and deficient practices but also to potential ones.

PCY questions	Comments
	Following Commission's clarifications during the CWP on how this article would work in case of a potential issue, we still have doubts whether the legal text of the article really caters for future situations. Subsequent actions that ESMA might take are linked to identified breaches only but not to potential future situations. Therefore, the article would need additional paragraphs that would explain what actions should follow once potential future issues are identified. Re Art 110c para 3 sub-para 2 the question is what ESMA is obliged to do – to use one of the 4 mentioned articles (17, 17aaa, 19 and 19a) or use any other tool it has? Legal clarity is necessary in the text. IT (Comments): We may be open to support the attribution of a convergence role to ESMA, but in a way other than those proposed in the text. That said, we believe that a proper evaluation of the proposal should take into account the general powers attributed to ESMA pursuant to Regulation (EU) 1095/2010. An approach where ESMA may exercise direct powers on NCAs (e.g. requiring them to adopt supervisory actions) or supervised entities **should be accompanied by a corresponding and clear transfer of supervisory responsibilities**. However, we see merit in introducing additional powers for ESMA, particularly when it comes to deficient supervisory practices, but still we have some doubts on the interplay between these provisions and those included in Regulation (EU) 1095/2010 (e.g. the newly introduced article 17aaa). For dealing with divergent, inconsistent and redundant supervisory practices, we believe that it might be worth exploring other tools, such as supervisory colleges, as better explained in our response to questions 16 and 18. We highlight that the obligation imposed on ESMA to publish an annual report may prove excessive, considering that the situations addressed by the

PCY questions	Comments
	Article are intended to be "exceptional" in nature rather than ongoing. It would be more appropriate for the reporting obligation to be event-driven, i.e. linked to the actual identification of "critical" situations that have required ESMA's intervention. Lastly, it seems necessary to clarify the scope of the provision, as the proposal refers to Chapter II – Section 4, whereas Chapter II of the UCITS Directive does not include any sections. The relevant Section 4 appears instead to fall under Chapter III. GR (Comments): We support the intervention and suspension powers granted to ESMA to support addressing cross-border management and depositary issues. Strong collaboration among NCAs and ESMA must be maintained to ensure the efficiency of the European supervision. By utilizing existing tools and procedures could be beneficial to avoid additional burden and cost. FR (Comments): We support the intervention and suspension powers granted to ESMA to address cross-border issues, provided that these do not result in a reduction of the powers of host NCAs to take action against a passported fund in case it breaches its obligations. FI (Comments): FI: We have no strong view on this matter. ES (Comments):

PCY questions	Comments
	We support the provisions that enable the intervention and suspension powers granted to ESMA to address cross-border issues. DK (Comments): Denmark supports the aim of ensuring consistent harmonization of supervisory approaches. However, we do not support the intervention and suspension powers granted to ESMA in areas that are not subject to ESMA' direct supervision which is not the case here. This intervention and suspension power should be left for the NCAs. ESMA should have more proportionate tools at its disposal to ensure convergence. Further, it is important that this power to ESMA to address cross-border issues does not remove competent authorities' option to apply a risk-based approach for their supervisory approaches, including supervisory actions. Risk-based approaches are a vital part to ensure efficient and timely supervision. Lastly, we would like to note that depending on the Member State, an NCA may not have certain supervisory actions available that other competent authorities may have. This could for example be the power to issue fines. These factors must be taken into account by ESMA during the work to identify diverging, duplicative, redundant and deficient supervisory actions. Otherwise, ESMA may compare supervisory actions on an unbalanced grounds and potentially requiring actions that are not available to the relevant NCA. DE (Comments):

PCY questions	Comments
	We support strengthening ESMA intervention powers to promote supervisory convergence and further market integration. We consider it the most resource-efficient option for ESMA to focus on cases where ESMA intervention is requested to address an actual, identified divergent or deficient issue with a cross-border dimension. CZ (Comments): As we have stated previously, a lot that has been up to host MSs will be removed and approved at authorisation. We are open to the idea of passporting, but we believe the powers of host MSs should at minimum include the ability to stop distribution in their territory in case of a serious breach. This should be the power of host MSs, not ESMA. We are open to mediation powers of ESMA, but we believe the powers of Art. 14c CBDR might be a step too far. BE (Comments): We can be open to the new powers granted to ESMA, while being open also to amendments that would be supported by a majority of Member States in order to fine-tune or clarify those powers where needed. We are of the opinion that ESMA can offer greater added value by providing content-related support for the application of European legislation and, to this end, can make greater use of traditional convergence instruments rather than introducing an additional level of supervision. AT (Comments): As regards cross-border issues in fund management: In general, we are open to discussing a mechanism to identify duplicative or redundant supervisory actions

PCY questions	Comments
	limited to passporting issues. However, even then we have concerns regarding the incurred costs (which may outweigh the benefits of such a mechanism) and are skeptical concerning the identification of "deficient" supervisory actions. (Therefore), a strengthened use of existing ESMA convergence tools could also be an alternative option. We are also skeptical regarding granting ESMA with the right to suspend activities of ManCos without consolidating the NCA first (Art. 17aaa ESMAR). Effective supervision can be achieved through sufficient involvement and representation of the NCAs. That is why we are hesitant regarding granting ESMA rights to suspend cross-border activities, especially since suspension could be executed without prior consultation of the home NCA. Regarding Article 17aaa para 4 ESMAR, further clarifications of the extent of the consultations with the NCAs are appreciated. What is more, it is necessary to elaborate further on the procedure if the NCA and ESMA have differing opinions regarding corrective measures by the market participant. For example: if the NCA deems said corrective measures to be sufficient and ESMA does not, can ESMA overrule the NCA and move forward with the suspension of services?
18. In the event MS do not consider that the proposed ESMA powers to address cross-border issues are an appropriate tool, please provide any suggestions MS may have on specific existing tools and/or mechanisms MS consider more appropriate, providing appropriate justification to this end.	SI (Comments): Cross-border supervisory frictions could be more effectively addressed through strengthened coordination and convergence tools, including enhanced use of ESMA mediation powers under Article 19 ESMAR, supervisory colleges, and peer reviews. These mechanisms allow for targeted, proportionate responses to specific cross-border issues without creating a permanent intervention structure that risks undermining NCA primacy and the principle of subsidiarity. RO (Comments):

PCY questions	Comments
	We believe that several aspects need to be introduced to clarify the phrase "cross-border issues". PT (Comments): While not having a definitive view on this regard, we would like to highlight that, in our perspective, by placing the consequences on supervised entities rather than on the responsible authorities, Article 110c(4) blurs accountability and responsibility. A more appropriate approach would be for ESMA to address its recommendations to the national competent authority, which would then act under its own legal framework, ensuring the intended corrective effect while safeguarding the entities' procedural rights. When ESMA issues recommendations to a national competent authority, their implementation must follow the applicable national administrative procedures. This ensures that the supervised entity can exercise all procedural safeguards, including the right to be consulted, and allows the authority to review or even amend the measure if it concludes that ESMA's recommendation is not justified in the specific case. PL (Comments): *We do not consider the proposed ESMA powers to be inappropriate per se, nevertheless here are some of our suggestions:* *Strengthened ESMA mediation (Article 19 of the ESMA Regulation) and fast-track home–host cooperation procedures with predefined deadlines and escalation to the Board of Supervisors.* *Greater use of common guidelines and peer reviews in areas where interpretative disputes arise.*

PCY questions	Comments
	"Comply or explain" mechanisms for NCAs with regard to the implementation of agreed actions, without introducing direct ESMA sanctions vis-à-vis supervised entities. LV (Comments): See Q17. LU (Comments): Please refer to Question 16. IT (Comments): In light of our answer to Question 17, above, the allocation of responsibilities among NCAs and ESMA should be clarified, in particular as regard cases where the NCA adopts a supervisory actions/interventions based on ESMA's request of corrective actions. We believe that the convergence role of ESMA should be rather exercised in the context of **supervisory colleges <u>for larger asset managers</u>**, with the participation of all relevant home and host NCAs (at the level of asset manager, managed funds, and depositaries), acting in their respective supervisory roles, and of ESMA, acting as a coordinator to ensure convergence of supervisory practices and the correct functioning of colleges. To this end, however, the legislative proposal should be amended at least to: i) introduce an obligation to set up colleges for large asset managers, ii) specify the composition and rules of procedures of colleges, and iii) confer on them specific tasks, such as the adoption of "supervisory joint/common decisions", to make the cooperation and decision-making within colleges effective.

PCY questions	Comments
	Colleges would ensure the necessary coordination in supervisory decision-taking by NCAs and a choral participation of all relevant NCAs. Such colleges, if properly designed, may prove more effective in solving the issues at stake, rather than relying on a multi-layered process, like the one currently proposed. In our view, the ESMA powers provided in the legislative proposal risk jeopardising the certainty of the supervisory decisions taken by NCAs and introducing further complexity in a framework already very structurally complex and procedurally burdensome, while also lengthening supervisory procedures. Moreover, in addition to setting up colleges of supervisors for large asset managers, the supervisory convergence on asset managers not falling into the definition of "large asset managers" should be also ensured, in our view, by considering the adoption of other successful convergence models already in place, such as the ECB oversight on the NCA supervision of less significant institutions. By doing so, ESMA convergence role would be set within a model similar to that adopted within the **Single Supervisory Mechanism (SSM) for less significant institutions**, where the ECB has been long playing a highly effective role in fostering the convergence of NCAs supervision on less significant institutions (LSI), while preserving the supervisory responsibilities of NCAs. IE (Comments): We have several reservations about these powers. It is important to recall that the home NCA is responsible for the authorisation and supervision of the fund and has the relevant knowledge and experience of the fund to assess whether actions are suitable/appropriate for the fund and its investors. We have questions about process eg. who determines what constitutes a "deficient supervisory action" and how will such determinations be made in the absence of an agreed supervisory benchmark against which to

PCY questions	Comments
	measure the actions taken by NCAs; how will the review be carried out eg. what type of "additional information" will be collected from NCAs and how frequently; will NCAs have an opportunity to disagree or challenge ESMA's findings or the proposed corrective actions? We would also appreciate clarity on the legal nature of ESMA's power to propose corrective actions, i.e. whether these proposals will be binding. We are most concerned about the far-reaching powers given to ESMA to suspend cross-border activity by a management company, AIFM or depositary (despite the fact that ESMA is being empowered to identify and address "diverging, duplicative, redundant and deficient supervisory actions"). At a fundamental level, we believe that this is a worrying blurring of the lines between direct and indirect supervision. As to the basis for taking such action, we would echo the concerns voiced by others that decisions, opinions, recommendations or actions adopted or required by ESMA are not necessarily legally binding and often provide for comply or explain mechanisms. On balance, we do not believe that this power is necessary as there are existing mechanisms at ESMA level that work well to identify and address any issues that may affect fund supervision e.g. CSAs, peer reviews, supervisory discussions at Standing Committee Working Groups, ESMA Heatmap. We would prefer to see ESMA make full and effective use of its existing suite of coordination and convergence tools, potentially with enhancements, before introducing any additional powers. GR (Comments): We share the objective of improving cross-border supervisory coordination where genuine frictions exist. We can see a role of ESMA to address the cross-border issues. We are of the view that we have to consider a beneficial

PCY questions	Comments
	collaboration between ESMA and NCAs as it already exists in our view. It should depicted on the text a closer collaboration between. DK (Comments): We refer to our remarks above. We support that ESMA may on an ongoing basis identify diverging, duplicative, redundant and deficient supervisory actions. However, we find that it is important that the actions taken by ESMA will be non-binding recommendations. To that end, we note that ESMA already have power to actions where needed according to Regulation 1095/2010. In particular, ESMA has the power to take actions in case of Union Law, cf. article 17, and to settle disagreements between competent authorities in cross-border situations, cf. article 19. We therefore find the added power to be redundant. CZ (Comments): We have reservations towards the proposed Article 110c UCITS. We are unclear on the scope, what the changes to supervision would entail in practice, and the domestic regulatory and market impact. We support market convergence and ESMA as a platform to discuss this convergence, but as proposed, ESMA would be having more of a judicial function — we find that to be a significant blurring of lines. We are especially concerned in relation to the new paragraph 4, which gives ESMA direct powers over market participants. In general, we are concerned that the proposed provisions could in practice create overlapping mandates, blur accountability between ESMA and NCAs, and generate legal uncertainty as to where supervisory responsibility ultimately lies.

PCY questions	Comments
	BG (Comments): BG: We are concerned as to the proposed powers and from the point of view of existing powers, it is not entirely clear what the new powers are intended to regulate, which do not currently exist. What should be understood as "supervisory deficient actions" in para 1 of Article 110c? AT (Comments): In general, we are open to discussing a mechanism to identify duplicative or redundant supervisory actions limited to passporting issues. In that regard we would like to refer to the proposal by the European Commission to reform No-Action Letters as per Article 9a ESMAR in order to provide better clarity and guidance to market participants, which could enhance supervisory convergence and promote a consistent application of EU law. AT is of the opinion that supervisory convergence should be strengthened by further enhancing existing instruments, such as RTS and ITS (Articles 10 and 15) as well as the Breach of Union Law-Mechanism as per Article 17 ESMAR, rather than resorting to more far-reaching measures, such as suspension of rights to provide services on a cross-border basis according to Art 17aaa ESMAR.
B. Cross- Border distribution, ongoing notifications, marketing communications and fund documents	ES (Comments): We are still analyzing the remaining questions; however, we have a preliminary supportive stance on these topics
1. <u>Passporting and ongoing notifications</u>	
1.1. Passporting upon authorisation procedure	

PCY questions	Comments
Relevant Articles*: For UCITS: Article 17c CBDR (new), Article 93 UCITSD (deleted). For AIFMs: Articles 17g and 17f CBDR (new), Articles 31 and 32 AIFMD (deleted)*	
Questions to MS:	
19. Do MS support the Commission proposals?	SK (Comments): This proposal need to be further finetuned, it is easing of administration of funds. SI (Comments): Slovenia supports the objective of reducing time-to-market and administrative burden associated with the current notification procedures. However, we share the concerns raised by a number of Member States regarding the practical feasibility of linking passporting to the authorisation stage, given that final marketing documents are typically only available after authorisation. We would welcome clarification on the sequencing of the procedure and the applicable timelines. SE (Comments): We have not been able to analyse the proposal in detail but are preliminary positive to the proposal. RO (Comments): **We can generally support the proposal for acceleration, but with the caveat that some clarification is needed on the practical feasibility of requesting the full notification dossier at the authorisation stage, noting that the final legal and marketing documents are only available after**

PCY questions	Comments
	authorisation and that authorisation dossiers are based on draft documents, which could slow down the authorisation process and make it more expensive. **We also consider it necessary to clarify what constitutes a substantial change (e.g. art. 17f point 8 CBDR), as well as what constitutes a complete notification, as provided for in art. 17h point 2 CBDR.** PT (Comments): Yes, but conduct national supervision on cross-border marketing communications should be assured. PL (Comments): *From the perspective of a small market, where cross-border distribution is generally not envisaged at the licensing stage and where the duration of the procedure is a key priority, we have doubts as to whether adding a cross-border element, including documentation for foreign clients, constitutes a rational and necessary solution. We are concerned that this would unnecessarily complicate and prolong the licensing process.* LV (Comments): We do not support this. It seems that fully ensuring this process during the licensing procedure is unfeasible, as the fund and marketing documents are usually prepared only after the licence has been granted. Preparing such documents during the licensing process would slow down the licensing procedure and would not bring any real benefit. LU (Comments):

PCY questions	Comments
	Since we support the objectives of simplification and burden reduction, we are generally supportive of the new regime and more particularly the use of a centralized data platform. However, we are not entirely in agreement with the process suggested by the Commission and would welcome certain adjustments which would contribute to the simplification objective, as further developed under Questions 20 and 31 below. LT (Comments): In general we are supportive of the approach. Nevertheless we understand the concerns MS raise re linking passporting and authorization. IT (Comments): While we understand the intention to make the procedure quicker – so that marketing can begin sooner after authorization – and the related establishment of ESMA's data platform, we believe that the proposed approach raises a number of practical challenges. Specifically, the proposal brings forward to the product authorisation phase the submission to the competent authority of the complete set of documentation required for the marketing of UCITS. However, supervisory experience shows that, at the time of product authorisation, while the fund rules are certainly already finalised, the same cannot necessarily be said for the prospectus and the KID documentation, and even less so for the marketing communications. This could have the unintended consequence of actually slowing down the process. Moreover, the proposal appears to imply an ex ante supervisory approach to the offering documentation (prospectus, KID and marketing communications) and may therefore be at odds with the ex post supervisory approach currently applied by certain Member States, including Italy.

PCY questions	Comments
	Finally, regarding the possibility of providing investor facilities in English, we have concerns, as many retail investors are not sufficiently fluent in that language. The same concerns apply to AIFMs IE (Comments): In principle, we support the proposal to allow marketing to commence more quickly after authorisation by introducing a single notification process. However, like others, we have some concerns about how the proposal has been formulated as we believe that marketing is a post-authorisation matter and should be treated separately to the authorisation process. Linking the two introduces unnecessary complexity as it potentially creates additional administrative and financial costs where documents need to be updated (i.e. preparation, review and processing of revised authorisation letter). GR (Comments): Greece supports the proposal, recognising that modernising and simplifying the passporting process can reduce administrative burden and accelerate cross-border market access. The centralised procedure via ESMA's platform is seen as a positive step towards greater transparency and harmonisation. The linkage between authorisation and passporting should not create unintended operational bottlenecks at the initial authorisation stage. FR (Comments): As a matter of principle, we favour a more streamlined passporting framework that would facilitate marketing activities following authorisation. That being said, we are not convinced that the concept of "passporting upon authorisation" constitutes the appropriate solution.

PCY questions	Comments
	In particular, we note that passporting upon authorisation would entail removing the competence of host NCAs in relation to marketing documents, as provided for under Article 4(5a) of CBDR in the Commission proposal. In our view, this change would undermine two safeguards that we deem essential in the absence of a centralized supervision of funds: (i) the ability for NCAs to establish *ad hoc* requirements applicable to marketing documents distributed in their territory (see answer to Q29); and (ii) the ability for host Member State competent authorities to carry out *ex ante* verifications of marketing documents (see answer to Q31). FI (Comments): FI: We support. Additionally, and given that an authorisation granted in one MS already includes an EU-passport for other MSs, we support even more extensive harmosation and simplification of the EU-passporting of funds distribution and management. By removing the notification prodecures related to cross-border operations, administrative burden could be reduce significantly more than through the measures currently proposed. Instead of the notification procedure, information related to authorisations could be easily accessible to all MSs. For example vie a data collection platform. Howver, we also accept, as a secondary option, the changes proposed by COM. ES (Comments): • We support linking passporting notification to the moment of authorization and centralizing the process via the ESMA platform. • This will significantly reduce administrative burdens, costs, and redundancies for both UCITS and AIFs.

PCY questions	Comments
	• A centralized "single upload" on the ESMA platform ensures that Host NCAs have access to consistent and complete information, strengthening supervisory cooperation. **Crucial safeguards and clarifications** While we support the direction of the proposal, several practical adjustments are needed: • **Availability of final documentation:** o Many legal and marketing documents are only finalized after authorization is granted. o Requiring these *ex-ante* could delay the authorization process and increase costs. o Proposal**:** the system should allow for the upload of final versions post-authorization without stalling initial approval. • **Marketing communications oversight:** o The requirement to submit all marketing materials could create a disproportionate workload due to the high volume and variety of formats/channels. o Alternative**:** we suggest replacing the mandatory submission with a "Self-Declaration of Compliance." Firms would then remain obligated to provide specific documents only upon the NCA's request. DK

PCY questions	Comments
	(Comments): Denmark does not support this proposal. The authorisation process should be as simple as possible, and the template should reflect this. By adding a cross-border notification template unnecessary complexity is created In our experience new AIF Managers and UCITS managers would likely need to undergo a separate passporting process following their authorization, as there may not be sufficient information available on cross-border activities the time of their initial authorization. The manager may not intend to engage in cross-border activities at the time of authorisation, or the manager may change their business plan on a later stage. Further, a separate notification template will be necessary for existing AIF Managers and UCITS managers. Including it in the authorisation process will therefore only create an unnecessary complex set-up for passporting. We refer to question 7. DE (Comments): Yes. CZ (Comments): We support the idea of an automatic passport. We note that the Presidency discussion paper in section B number 1 mentions only UCITS funds as being under the scope; however, from our reading of Art. 17g and 17f of CBDR, they provide for professional AIFs as well as UCITS to benefit from this regime. We would like to further understand the logic that excluded semi-professional AIFs from the scope.

PCY questions	Comments
	We are open to a number of ideas on how to make the process as efficient as possible and would further consider a separate process to authorisation, as proposed by other MSs. BG (Comments): As highlighted in the Presidency's discussion paper, we support, in principle, allowing marketing to begin more quickly after authorisation. BE (Comments): We welcome the possibility for UCITS to start marketing their units in other Member States more quickly after authorisation. However, the proposed approach risks being impractical for the UCITS concerned and, on the contrary, could even delay the authorisation process.
20. What adjustments or clarifications would MS consider necessary to ensure that linking passporting to the authorisation stage is workable and proportionate in practice?	SI (Comments): We consider that passporting as a separate application — following rather than concurrent with authorisation — would result in a simpler and more workable procedure, with clearer timelines. Should the linked approach be retained, the legal text should explicitly clarify the treatment of draft versus final documents at the authorisation stage, and provide concrete deadlines for each step of the procedure. RO (Comments): **We consider clarifications necessary regarding the notification of marketing communications.** PT (Comments):

PCY questions	Comments
	On Passporting based on authorisation of a UCITS, we would appreciate clarification on the scope for autonomous action by host Member States (article 17c/ 12): • May host competent authorities intervene directly in urgent situations involving investor protection? • Or are they required, in all cases, to escalate concerns through ESMA? If so, won't this represent a lengthier process? • Why liaising with the other MS NCA was not considered? LV (Comments): See Q19. LU (Comments): We suggest the following adjustments (which we have already raised in our previous written comments in the 3 column-table): 1. Not every UCITS (share/unit class) has the obligation to prepare a PRIIPs KID. Hence PRIIPs KIDs should be provided only where relevant, *i.e.* when marketed to retail investors. This should be reflected, where relevant, throughout the CBDF Regulation; 2. Regarding the notification of marketing communications, please refer to Question 31 below; 3. It should be clarified if the proposed letter of authorization only concerns the authorisation for marketing in specific Member States or also the authorisation of the UCITS as an investment fund/product;

PCY questions	Comments
	4. With respect to the notification of material changes to the information and documentation submitted to the home NCA, please refer to our answers to Question 26 below.; 5. A review of the terminology used in the proposed text is required for more consistency (*i.e.* "units or shares" and the addition of "new UCITS unit or share class", where relevant); 6. We are also wondering why the invoicing details are currently requested for the passporting of EU AIFs and not for UCITS (as the current text requests such details for UCITS); 7. For the last sentence of the Article 17c, paragraph 2, it should also refer to the official languages in the respective Member State, not only to the language customary in the sphere of international finance. This must be also reflected in Article 17g, paragraph 2 and in Article 17f, paragraph 2; 8. Please note that there is an inconsistency in article 17f, paragraph 5, since this paragraph begins with a reference to one EU AIF, and the remaining wording refers to several EU AIFs. IT (Comments): Please see our response to question 19. GR (Comments): Greece considers it necessary to receive further clarifications on the technical aspects of the proposal, particularly regarding documentation requirements, timelines, the information flow through ESMA's platform, and how the

PCY questions	Comments
	procedure will operate in practice at the authorisation stage. Such clarifications would help ensure that the new system functions smoothly and proportionately. We would also welcome a clarification regarding the liability regime for the transmission of data through the platform. FR (Comments): While we acknowledge the benefit of a more streamlined passporting framework, we advocate to retaining two safeguards (i) the ability for NCAs to establish *ad hoc* requirements applicable to marketing documents distributed in their territory (see answer to Q29); and (ii) the ability for host Member State competent authorities to carry out *ex ante* verifications of marketing communications (see answer to Q31). ES (Comments): **Uniform deadlines for NCA interactions** • We must establish clear and uniform timelines for all interactions between NCAs. • Specifics: we propose setting precise deadlines for the transmission of documents to avoid administrative bottlenecks. **Linguistic practicality and translation timing** • **Workflow alignment:** since many documents are only finalized at the very end of the process, we need to clarify the "when." • **Our position:** o We must specify exactly when translated versions are required in the workflow.

PCY questions	Comments
	○ The translation process should not delay the fund's initial authorization. Legal certainty must prevail over linguistic formalities during the approval phase. DK (Comments): We see limited added value of a joint process for authorization and passporting and we believe that having passporting as a separate application from the authorization application for both existing and new actors would ensure a more smooth and non-complex process. We therefore suggest that passporting is not linked to the authorization stage. We refer to question 7. CZ (Comments): We are open to consider the most efficient solutions. BG (Comments): BG: we would appreciate clarification on the scope for autonomous action by host Member States (article 17c). Specific deadlines in the procedure should be provided. There should also be a mechanism for the host country authority to request additional information. BE (Comments): We believe that the current proposal would be better replaced by a notification procedure that is separate from the authorisation procedure, but with a timing as

PCY questions	Comments
	close as possible to that of the authorisation procedure. Anyway, we think that marketing materials should not be in scope of the notification procedure (see also our answer to Q 26).
1.2. Data platform – to share information and documents	SE (Comments): Further work is needed to analyse systemic risks and vulnerabilities in the NBFI-sector, particularly cross-border risks involving several Member States. To do this, we see a need for increased data-sharing between NCAs (including NCAs in destination Member States – Member States where funds are invested), ESRB and ESMA where relevant. We believe this is vital and something that must be explored in relation to the ESMA data platform.
Relevant Articles: Article 12 CBDR (new)	
Questions to MS:	
21. Do MS support the introduction of the ESMA data platform? If yes, please elaborate on any considerations or suggestions MS may have relevant to the operability of the platform and ESMA's relevant role.	SK (Comments): Yes. It is also important to specify languages and control of content. We support also automatic translation of documents. SI (Comments): Slovenia is open in principle to the establishment of an ESMA data platform as a tool to facilitate information-sharing between NCAs. However, the platform should complement and interface with existing national systems rather than replace them, and must not give rise to duplicative submission requirements. ESMA's role should remain strictly that of a facilitator; the

PCY questions	Comments
	platform should not serve as a gateway to broader ESMA supervisory intervention. Clear obligations regarding the scope and frequency of updates, and explicit procedural safeguards on the handling of confidential supervisory data, are needed. SE (Comments): With regard to the use of the data platform for notification purposes, our position will depend on both the functionality of the platform and the associated costs. We recognise that a common data platform could be a useful tool in handling notifications; however, it is essential to understand the costs of implementing and maintaining such a system. Concerning communication in supervisory matters, we question whether communication through the data platform would be the most appropriate channel for NCAs. RO (Comments): **We can support the proposal, but on condition that several aspects related to the costs that AIFMs and AIFMs that market AIFs and UCITS in a Member State other than their home Member State are included, also taking into account the geopolitical position of these entities. Furthermore, the obligation to enter data into an ESMA platform that charges fees for these services may lead to a deterrent factor. It could be useful to charge fees based on turnover. And for small funds, exemptions from paying fees for a period of 3 years. In addition, it should be clearly established who uploads the data, who updates it, how NCAs are informed and what are the implementation costs at entity level for IT updates.**

PCY questions	Comments
	PL (Comments): *We do not oppose the ESMA data platform, but several elements need clarification to ensure it works in practice. Even moderate fixed costs could discourage smaller managers — especially in smaller markets — from engaging in cross-border activity, so full fee transparency, proportionality, and long-term cost predictability are essential. Updates on the platform should also be presented clearly and in a fully traceable way, including the scope of changes and their effective date.* LV (Comments): At this stage, we cannot support this proposal, given that the fees payable to ESMA will be set by delegated acts and there is currently no information on their amount. Moreover, they will apply directly to AIFs and UCITS. There are concerns about the necessity, functioning, and added value of such a platform. Likewise, NCAs already receive notifications, and if the data must also be submitted to ESMA, this would result in duplication and an increased administrative burden. LU (Comments): As already indicated, in Question 19, we support the introduction of the data platform provided that additional clarifications and adjustments are made. This ESMA data platform should be used for the storage and sharing of information (*e.g.* notification and de-notification) needed for cross-border activities. Such a platform could, if set up efficiently, lead to an acceleration of the process for marketing notifications.

PCY questions	Comments
	We have, however, concerns that the creation of a comprehensive central database would require substantial development and maintenance resources. Its implementation should be carefully designed to ensure efficiency, and be carried out in close cooperation with the NCAs. We share the comments made by certain Member States that a clarification of what constitutes a material change is required as Member States might have different interpretations on that concept. We also agree that safeguards should be provided to ensure that ESMA's role remains clearly defined as the shift of competences from NCAs to ESMA on topics such as passporting. On a separate note, although this point relates not to Article 12 but rather to Article 14, certain provisions concerning the use of the platform are misleading and may give rise to confusion. In particular, they could be interpreted as positioning ESMA as the primary authority responsible for resolving issues from the outset, whereas the applicable principle is that the home and host NCAs should, in the first instance, seek to resolve issues through cooperation and mutual agreement, without ESMA's involvement. We shall also introduce safeguards in the text to ensure that ESMA's role remains clearly delineated, notably in cases ESMA is designated to resolve issues between host and home. This is particularly critical in light of powers granted to ESMA to address cross-border issues. In addition, as already highlighted in our previous written comments and reiterated throughout this questionnaire, we oppose ESMA charging fees for the operation of the data platform. Such fees would run counter to the objective of reducing industry costs and facilitating cross-border distribution, particularly as they would be levied in addition to the notification fees charged by host NCAs pursuant to Article 9, where applicable.

PCY questions	Comments
	AIFMs and UCITS already benefit from passporting rights. The ESMA data platform does not provide them with any tangible added value and primarily serves the needs of NCAs. It would therefore be inappropriate to require AIFMs and UCITS to bear the cost of a service that offers them no additional benefit. Furthermore, we strongly oppose any fee structure based on the number of host Member States in which funds are marketed. Such an approach would disproportionately disadvantage UCITS and AIFMs engaged in extensive cross-border distribution, potentially discourage marketing in multiple Member States, and ultimately undermine the objective of removing barriers within the Single Market. Should ESMA nonetheless introduce a fee, it should take the form of a flat fee granting access to the entire EU Single Market, irrespective of the number of host Member States concerned. LT (Comments): We can support this proposal. IT (Comments): From a general point of view, we acknowledge that the establishment of the data platform may facilitate the exchange of information and communications among Home and Host Competent Authorities, particularly with regard to the notification process, even though we do not see significant progress compared to the advanced ESMA Register that is already in place. Furthermore, we have serious doubts about the feasibility of handling the large volume of marketing communications on the platform. Lastly, we have concerns in relation to the proposal under article 17i whereby ESMA, in connection with the management of the platform dedicated to

PCY questions	Comments
	notifications, would be entitled to directly levy fees on funds and managers operating on a cross-border basis. Indeed, such a provision would inevitably entail overlaps with the fees imposed by national competent authorities on UCITS and AIFMs operating on a cross-border basis. Taking into account that supervisory competences over the aforementioned entities remain vested in the national authorities, and that ESMA's role is limited to the mere provision and management of the platform, without exercising any control over the documentation uploaded by national authorities, our view is that ESMA's remuneration in connection with its role in managing the platform could be handled, in line with the existing funding framework, through funding contributions channelled from national authorities to ESMA, without the need to establish a direct financial relationship between ESMA and supervised entities. Moreover, the establishment of a direct contribution channel between ESMA and collective asset managers for supervisory fee purposes would constitute an unusual arrangement that is inconsistent with practices in other segments of the financial industry. By way of example, despite ESMA's centralised management of the registers of CASPs and crowdfunding service providers, ESMA does not receive direct contributions from those operators. IE (Comments): We welcome this initiative as it responds to calls from industry to streamline procedures and reduce duplication (by effectively introducing a "report once" mechanism), it should reduce the administrative burden for NCAs and it also serves the simplification agenda. We believe that a shared data-platform could make an important contribution in terms of addressing some of the challenges associated with cross-border activity. We can also see its advantages in terms of facilitating supervisory cooperation and efficient information sharing.

PCY questions	Comments
	However, we do have some concerns about mandating the building of a new IT platform in legislation. It is also important that lessons are learned from previous experiences with similar mandates in other files running into budgetary issues leading to curtailed usability and functionality. HU (Comments): The simplification of the passporting regime and the introduction of a central data platform operated by ESMA could reduce administrative barriers and facilitate the functioning of the single market. At the same time, two aspects are not clearly defined: the responsibility for the accuracy of automated translations and the interpretation of key documents not available in national languages. Therefore intermediaries, for example independent insurance brokers believe that in practice they would carry the burden of providing information and explanations which might cause unproportionate responsibility for them. GR (Comments): Greece is supportive of the proposal to establish an ESMA managed data platform, recognising its potential to enhance transparency and the information sharing between authorities. However, further clarifications will be needed regarding its practical implementation, including update requirements, interaction with national systems, and safeguards to avoid unnecessary administrative burden. We believe that it will be useful for the new system to have a user-friendly interface, effective search functions, and mandatory time-stamping for all updates. Also, interoperability is essential to avoid double administrative burdens. The platform could automatically pull data from national systems rather than requiring manual, redundant uploads by NCAs. FR

PCY questions	Comments
	(Comments): We support the establishment of an ESMA data platform aimed at facilitating information sharing among competent authorities and promoting a more streamlined framework for the cross-border marketing of investment funds. We agree that the database should be operationally robust, in particular with regard to the reliability and timeliness of the information it contains. FI (Comments): FI: We generally support this. However, a success of a platform would be very much depending on how it is resolved. ES (Comments): **1. Avoiding Duplication with National Systems** • Many Member States are worried that the new platform might force entities to "re-upload" information already provided to their Home NCA. • We must ensure a **"Once-Only" reporting approach**. The ESMA platform should integrate seamlessly with national systems to avoid creating an additional, redundant layer of administrative burden for both supervisors and funds. **2. Clarifying "Material Changes"** • If "materiality" is left open to interpretation, we risk inconsistent reporting across the Union, which undermines the goal of harmonization. • **Our Proposal:**

PCY questions	Comments
	○ **Standardization:** We need clear, harmonized criteria for what constitutes a "material change," defined either in Level 2 (L2) measures or through specific ESMA Guidelines. ○ **Supervisory Safety Net:** Regardless of the definition, NCAs must retain the right to request additional documentation whenever they deem it necessary for effective market oversight. **3. Guaranteeing the Quality of Machine Translations** • **Terminology Consistency:** For the ESMA platform's automated translations to be useful, they must adhere to a strict and consistent technical glossary to avoid legal misunderstandings. • **Liability Framework:** It is imperative to establish a clear "disclaimer" or legal rule regarding errors. We need to: ○ Confirm that neither ESMA nor the NCAs are liable for inaccuracies in machine-generated versions. ○ Clarify whether the responsibility for verifying the translation rests with the entity or if the translation is for informational purposes only. DK (Comments): Denmark acknowledge that the idea of an ESMA data platform can potentially contribute to increased data availability, improve supervisory convergence, and more efficient reporting processes across the EU. However, as a general comment, we emphasize that the actual solution must

PCY questions	Comments
	be proportionate and should not impose significant costs or administrative burdens on reporting entities, especially smaller firms. Therefore, we are currently unsure about the advantages of an ESMA data platform in the absence of assurances that the final solution will not result in increased costs and burdens for the entities involved. We recommend that an impact assessment is conducted, including a cost-benefit analysis and consideration of proportionality for different types of entities. Furthermore, we suggest that mechanisms for ongoing evaluation of the platform's costs and benefits are established to ensure that it remains efficient and fit for purpose. DE (Comments): We support the introduction of the ESMA data platform. The guiding principle should be that under this approach total fees paid by an asset manager are be lower than compared to today. Charging fees for the maintenance of the platform is appropriate but must be linked to real efficiency savings. It is important to focus on the once only submission of documents and ensure integration with ESAP. In order to reduce administrative burden and costs, it might be useful to provide asset managers with access to the platform after the authorisation of a fund so that relevant documents can be submitted directly by the asset manager. Focusing on material changes is a good measure for simplification but requires additional guidance for harmonisation. CZ

PCY questions	Comments
	(Comments): We would be in favour of such a centralised platform, as it could in principle contribute to greater transparency and efficiency, if done right. We see it also as an alleviation of double reporting, which we consistently support, so we welcome the idea of a centralised platform. BE (Comments): We are open in principle to the introduction of the ESMA data platform as long as (i) it is well calibrated, (ii) it does not imply unnecessary administrative burdens and (iii) it does not imply modifications to the current supervision framework (i.e. it does not imply modifying the current allocation of powers between home and host NCAs and it does not imply giving a supervision role to ESMA). We also caution limiting updates to "material changes" as this could lead to incomplete or outdated information, which would in turn negatively impact supervision. Regarding the costs, could the Commission confirm that the set up and the maintenance of the data platform would be fully and only financed by fees paid by the industry, i.e. that this data platform will imply no costs for NCAs? This should be made clear in the text. AT (Comments): We support the introduction of the data platform to share information and documents. Yet, it must be clarified (in the legal text), who is responsible for uploading both the original documents as well as the scope and frequency of updates. As currently updates are envisaged in the case of material changes, it is important to define the term "material changes". When setting up the platform, parallel or overlapping procedures shall be avoided and the main features of the fee framework concerning the costs incurred for setting up the platform shall be stipulated at L1.

PCY questions	Comments
22. In the event MS do not support the data platform, please inform of any alternative suggested, to facilitate a more efficient and effective home–host supervisory cooperation, relevant to cross-border distribution of funds.	SI (Comments): We do not oppose the data platform as such; however, should it prove disproportionate, enhanced interoperability between existing national notification systems — supported by ESMA coordination and common data standards — could achieve similar objectives at lower cost and without the risks associated with a centralised platform. RO (Comments): **We believe that the issues of divergence could be resolved through Q&A / convergence tools / development of clear governance requirements.** PT (Comments): While we acknowledge the benefits, we are uncertain about the possible costs it may entail, namely for supervised entities. In any case, proportionality should be guaranteed. PL (Comments): *Even though we do not oppose the data platform per se, here are some of our alternative suggestions:* *A common format and communication channel for exchanges between NCAs (e.g. an interoperable repository or notification "routing" system), without establishing a central public repository managed by ESMA.* *Harmonised templates and deadlines, as well as SLA-type mechanisms between authorities, supported by ESMA guidelines.*

PCY questions	Comments
	The possibility of expanding the functionalities of existing ESMA registers, rather than building a new system from scratch. LV (Comments): - LU (Comments): N/A. IT (Comments): Please see our response to the previous question. GR (Comments): No such case ES (Comments): Although the platform is supported, if it is ultimately not adopted, the following alternatives are proposed to maintain the objectives pursued by the Commission: • **1. Minimum harmonized reporting standards** ESMA could develop: o Common templates. o Harmonized documentation definitions.

PCY questions	Comments
	• **2. Strengthening existing cooperation mechanisms. T**he current forums could be expanded through: ○ **Regular coordination meetings** between National Competent Authorities (NCAs). ○ **Increased use of peer reviews.** ○ **ESMA guidelines** on documentary flows and notifications. DK (Comments): Denmark is positive towards the idea. However, as a general comment, the actual solution would have to be proportionate and not impose large costs. BG (Comments): BG: We are concerned by the new requirements for entering data into a new data platform created and operated by ESMA, given that there are already tools for electronic exchange between national competent authorities. At the same time, we believe that there is a risk of duplication of the information that is to be entered into this platform with information that is expected to be submitted through the European Single Access Point, such as the prospectus of the scheme, the key information document, financial statements and the license issued. In the platform it is envisaged to submit fund rules, prospectus and financial statements. We understand that the rationale is simplification and streamlining the process, but we do not see how this justifies another IT tool established by ESMA. We also echo some of the concerns highlighted in the discussion and what would be the associated costs for the NCAs and for the market participants.

PCY questions	Comments
	Moreover, based on Article 17c and 17i it is unclear whether these costs will be due, regardless of whether the fund is actually marketed in another MS different from home.
1.3. Transparency and reviews of regulatory fees and charges	
Relevant Articles: Articles 9 and 10 CBDR	
Questions to MS:	
23. Do MS consider that Articles 9 and 10 CBDR add value in preventing fees and charges from acting as barriers to cross-border distribution?	SK (Comments): Yes, they bring more transparency in this area. SI (Comments): Slovenia acknowledges that regulatory fees and charges can act as barriers to cross-border distribution and supports the objective of transparency and proportionality in this area. However, we question whether Articles 9 and 10 add significant value beyond existing national practices and EU principles, given that competent authorities are already subject to general proportionality requirements. The added value of a biennial ESMA review would depend on the clarity of the methodology applied and the nature of any follow-up action. SE (Comments): We do not have view here yet but believe it would be useful to know if it is a problem with NCAs currently charging fees that are not justified. RO

PCY questions	Comments
	(Comments): **We believe that ESMA's role under Articles 9 and 10 should be aimed at information exchange and convergence, without prejudice to national competences. We also believe that fees and charges should be set by Member States, not by ESMA.** PT (Comments): In relation to question 23, we are still assessing the proposed approach on Articles 9 and 10 of CBDR. In Portugal, the applicable fees are determined by the Government and, therefore, we have to assess this aspect at a political level. Very preliminarily, we see merits but only for transparency purposes. There is an important aspect that raises additional concerns related to the responsibility placed on NCAs. The proposed framework requires NCAs to guarantee that all information published on ESMA's website is complete, accurate and continuously updated, while ESMA is explicitly exempt from liability for any inaccuracies. Would this remain the case even when inaccuracies originate from ESMA's own platform responsibilities? PL (Comments): *We partially support the proposal. Transparency and proportionality principles are beneficial; however, the provisions must not interfere with national models for financing supervision.* *They should not create a basis for escalation or de facto imposition of changes to fee structures by ESMA or the Commission.* *We call for clarification in the recitals/Level 1 text that the objective is transparency and the exchange of practices, rather than harmonisation of supervisory fee levels.*

PCY questions	Comments
	LV (Comments): The proposal does not, in essence, prohibit the application of fees; therefore, it is unclear how ESMA will assess whether specific fees and charges create unjustified obstacles to cross-border distribution, including which criteria will be applied and what the procedure will be before ESMA's involvement. LU (Comments): As further developed under question 24, we wonder if ESMA's analysis, according to Article 9, paragraph 2, of the fees levied by the host NCAs would not run counter to the objectives of simplification and burden reduction. In terms of fees and charges, we however see added value in the introduction of Article 10 as it brings more transparency for the industry. We nonetheless note that it should be clarified in the proposal if host NCAs which have not provided information as required to ESMA, are still allowed to levy fees or charges. LT (Comments): In general we support proposed idea to increase transparency and would see added value in collecting such information and publishing on the website. IT (Comments): In our experience, the implementation of the current regulatory framework by the NCAs, as well as the approach to the imposition of fees, does not pose significant obstacles to the use of the passport. Indeed, the great majority of investment funds marketed in Italy operate under the passport regime.

PCY questions	Comments
	In light of this context, the proposal to mandate ESMA to conduct a biennial review of the consistency of supervisory fees set by national authorities in relation to the supervisory activities they perform gives rise to significant concerns. This is because such a provision would be: • specifically designed for the asset management sector, in the absence of comparable provisions for other segments of the financial industry; • unjustified in light of the large number of EU funds marketed on a cross-border basis, which shows that there are no significant barriers to the free movement of such products (please see the data mentioned under Question 31). Therefore, we do not believe that the proposed amendments to Articles 9 and 10 add value in preventing barriers to cross-border distribution. In light of the above, we support the concerns already expressed by several Member States during the CWP on 19 February regarding the proposed biennial review, and we would suggest removing the reference to this task from Article 9. We also recommend clarifying in Articles 9 and 10 that ESMA's role is limited to coordination, information-sharing, and ensuring transparency of the supervisory fees applied by NCAs, while excluding any assessment of their appropriateness and without prejudice to national competences in this area. IE (Comments): As a transparency measure, Ireland supports the publication of the fees and charges levied by host NCAs in relation to cross-border marketing of funds on ESMA's website. GR (Comments):

PCY questions	Comments
	We agree that fees and charges shall not act as barriers to cross-border distribution. Fees and charges shall be proportional, consistent and justified with the overall cost relating to the performance of the functioning of the NCAs, as well as with the market characteristics. On this ground Articles 9 and 10 CBDR could contribute beneficially. FR (Comments): While we do not oppose enhanced transparency regarding fees, we have strong reservations concerning the Level 2 mandate introduced in Article 9(2). FI (Comments): FI: We support this approach and a strong focus in efficiency and transparency of cost. DK (Comments): Denmark supports the proposed transparency of fees. DE (Comments): The publication of arrangements concerning fees or charges seems sufficient to provide greater transparency. We do not see the need for ESMA to analyse national fee structures and investigate their appropriateness. Other convergence measures, like peer reviews and guidelines, are better suited to achieve the objective. CZ (Comments):

PCY questions	Comments
	The transparency of information on fees is desirable, but we believe it should not be ESMA's role to set fees. We would question whether Art. 114 TFEU would be in line with such a step. We have reservations regarding the added value and practical implications of Articles 9 and 10 CBDR, as we are doubtful about whether these provisions provide meaningful improvements beyond existing national practices and established EU principles on transparency and proportionality, or whether they simply restate obligations already applied by competent authorities. One undesired result we could envision would be added uncertainty and vagueness around ESMA's role. BG (Comments): BG: We do not have specific objections. BE (Comments): We insist on being cautious here. Although we understand the logic of this proposal (i.e. ensure transparency, proportionality and non-discrimination, have more predictability for actors operating cross-border), this proposal also raises questions and concerns. The scope and practical implications of Articles 9 and 10 CBDR should be clarified. ESMA's role here should be strictly limited to information-sharing and helping to ensure convergence between situations that are strictly comparable. ESMA should not have the power to impose binding outcomes, sanctions or changes to national fee regimes, nor should ESMA be allowed to override national approaches in this field. ESMA's role and powers should therefore not affect Member States/NCAs ability to determine and recover legitimate supervisory costs in accordance with national law/regimes. Member States/NCAs' capacity to adequately finance supervision should not be negatively impacted by this proposal. Those Articles should therefore be amended accordingly. AT (Comments):

PCY questions	Comments
	While more transparency on fees is welcome, we would prefer non-binding convergence tolls over introducing escalation or intervention mechanisms.
24. Do MS support ESMA's role in relation to fees and charges under Articles 9 and 10 CBDR? If yes, do MS have any suggestions on how such a role could be re-framed, including any necessary safeguards, to ensure efficient and effective coordination?	SK (Comments): Yes, we fully support ESMA´s role in relation to fees and charges. We would like to encourage ESMA to make clear links on its webpage to the overview of fees and charges of individual Member states and increase transparency of fees and charges. SI (Comments): We support ESMA's role strictly as a coordination and information-sharing tool. ESMA's role under Articles 9 and 10 should be clearly circumscribed at Level 1 to exclude any possibility of binding outcomes or de facto changes to national fee regimes. We indicate a clear red line against any ESMA intervention that could affect Member States' ability to determine and recover legitimate supervisory costs in accordance with national law. Any follow-up to the biennial review should take the form of non-binding recommendations only. SE (Comments): With regard to an Esma review of these costs every second year, we believe this sounds burdensome and resource heavy for Esma. RO (Comments): **See the answer to point 24** PL

PCY questions	Comments
	(Comments): *We support a limited informational role; we do not support a quasi-regulatory role.* *In our view, the reviews should not lead to binding recommendations, sanctions, or escalation affecting national budgets. Procedural safeguards and a methodology based on comparable data is required (taking into account differences in supervisory models).* LV (Comments): See Q23. LU (Comments): We are still reflecting regarding ESMA's role in relation to the review on fees and charges under Article 9, paragraph 2, of CBDF Regulation. Indeed, this idea was already discussed during the negotiations on the original CBDF Regulation and was ultimately rejected because considered unfeasible. Moreover, it will be difficult to put a certain price on the amount of work involved. Fees set by NCAs cannot be assessed through a simple comparison of charges across jurisdictions, as they depend on a range of underlying factors that must be taken into account. Consequently, we wonder if such an analysis would not run counter to the objectives of simplification and burden reduction. Regarding Article 10, we support the proposal. LT

PCY questions	Comments
	(Comments): We would also agree that ESMA's role should be collecting and publishing the information on the website without any binding role. Additionally, further clarification would be needed to better understand how ESMA would be able to assess whether such fees or charges are consistent and justified with the overall cost relating to the performance of the functions of the competent authorities. This would mean that ESMA would need to assess how each NCA determines cost. That sounds like very difficult task and most likely unnecessary. Transparency on its own should be enough. IT (Comments): Please, see our response to the previous question. IE (Comments): We could be open to the proposal for a biennial review of fees and charges by ESMA, providing that (i) there is clarification in the text that ESMA's role is limited to information collection and collation; and (ii) that the review process cannot provide for binding outcomes to be implemented by NCAs. GR (Comments): We see an enhanced role of ESMA, to ensure efficient and effective coordination, setting safeguards to secure that fees and charges shall not act as barriers to cross-border distribution, while setting fees and charges that are proportional, consistent and justified with the overall cost relating to the performance of the functioning of the NCAs, as well as with the market characteristics. FR

PCY questions	Comments
	(Comments): The provision does not specify the criteria on the basis of which ESMA would assess whether fees or charges are consistent with the overall costs related to the performance of competent authorities' functions, and would place unnecessary burden on national fee-setting frameworks. We think that such a mandate should be deleted. FI (Comments): FI: We support. We suggest that a clarifying recital should be added. DK (Comments): Denmark supports the proposal to give market participant more transparency, and we believe it would be beneficial to have this information gathered at ESMA. As we read the proposal, ESMA cannot interfere with the NCAs decisions as to how much is charged. If this is correctly understood, we can support the role of ESMA to bring further transparency. Decisions on the amount of fees should remain at the discretion of the NCAs for providers under national supervision, and such fees should always be proportional and duly justified. AT (Comments): See answer to question 23.
1.4. Prohibition on requirement for local physical presence	
Relevant Articles: Articles 17b(2) and 17g(7), second sub-paragraph of CBDR	
Question to MS:	

PCY questions	Comments
25. Do MS agree with the proposed strengthening of the prohibition for local physical presence?	SK (Comments): Paying agent do not need to have local physical presence, protection of local clients has to be maintained. SI (Comments): Slovenia supports the proposed strengthening of the prohibition on local physical presence requirements. The extension of the prohibition to cover all purposes relating to the activities of the AIFM in the host Member State — and not only for marketing purposes — is a welcome clarification that addresses existing market practices which effectively circumvent the current prohibition. We would welcome explicit recital language clarifying that informal requirements or incentives to appoint local agents fall within the scope of the prohibition. SE (Comments): We agree with proposed strengthening of the prohibition for local physical presence. RO (Comments): **We consider it logical to reduce barriers, but we consider operational exemplification necessary, without compromising supervision**. PT (Comments): Yes, we agree. PL

PCY questions	Comments
	(Comments): *We do not oppose the premise of these provisions.* *That being said, the absence of a local representative of a given entity is rather risky as regards the protection of clients' interests, particularly retail. This matter should be carefully reconsidered. It is essential that any prohibition of physical presence does not limit consumer-protection mechanisms (e.g. the absence of a complaints channel in the local language).* *Therefore, in our view, remote contact channels in the investor's language, and response deadlines under local law should be ensured. The host-state NCA (Financial Ombudsman) should have a rapid intervention pathway, for instance in cases of misselling.* LV (Comments): Supportive. LU (Comments): We support the proposed strengthening of the prohibition for local physical presence. LT (Comments): We can support the proposal. IT

PCY questions	Comments
	(Comments): We agree with the proposed strengthening of the prohibition on local physical presence, which is consistent with the existing provisions in Article 92 of the UCITS Directive and Article 43a of the AIFMD, as amended in 2019. IE (Comments): Ireland supports this proposal. GR (Comments): Yes, we agree in order to enhance competitiveness. The parameter of Fintech is critical as such. FR (Comments): We support the provision reinforcing the prohibition of physical presence requirements. FI (Comments): FI: We support. DK (Comments): Denmark supports the proposal. DE (Comments): Yes.

PCY questions	Comments
	CZ (Comments): We support the prohibition on requiring a local physical presence. BG (Comments): BG: We do not oppose the strengthening or clarification of the prohibition on local physical presence, as it is also our interpretation of the current regime. BE (Comments): Yes
1.5. Notification of material changes	
Relevant Articles: Article 17c(9), 17f(10) and 17g(9) of CBDR	
Questions to MS:	
26. Do MS support the Commission proposal? If not, please elaborate on an alternative timing MS may deem appropriate?	SK (Comments): Yes. SI (Comments): Slovenia supports the proposed reduction of the notice period for material changes to 15 business days, as this would contribute to reducing time-to-market and administrative burden. We would however stress the importance of providing a clear and harmonised definition of "material change" at Level 1 or through RTS, to avoid divergent interpretations across Member States. We also note that duplication of notification obligations — where home

PCY questions	Comments
	NCAs are already informed of material changes through ongoing supervision — should be explicitly avoided in the legal text. SE (Comments): We have not had the time to assess the proposed maximum processing times for NCAs on an individual basis. We observe, however, that significantly shortened processing times could lead to increased supervisory costs, which is why such timelines must be carefully calibrated. We would therefore welcome clarification on how the Commission has concluded that a halving of processing times is appropriate and what would happen should these not been kept. We prefer that processing times be expressed in working days, where the applicable public holidays are clearly specified. Furthermore, we consider it important that processing times should begin only once a complete application has been submitted. RO (Comments): **We consider that the 15 working day deadline can only be taken into account if there is a possibility that this deadline can be extended to obtain additional information, if necessary.** PT (Comments): Yes, we support. However, we question whether these material changes are already subject to a communication procedure with the competent authority, in the context of ongoing supervision. PL (Comments): *We do not support the proposal.*

PCY questions	Comments
	A 15-working-day deadline may fail to reflect document update cycles and translation processes; it would increase the risk of errors and formal breaches. *We propose maintaining at least a one-month period or adopting a 20–30 working day deadline, together with a clear definition of a "material change."* *The "once-only" principle: if the home NCA receives a change as part of ongoing supervision, no additional notification through another channel should be required.* LV (Comments): No objections on time period. LU (Comments): We support standardizing the definition and scope of material changes by providing a clear definition in the CBDF Regulation. We also support the Commission's proposal regarding the notification of material changes but some points regarding the process still need to be clarified. Subject to our answer to the Question 31 regarding the marketing communications, with respect to the notification of material changes, we suppose that this coincides with the notification of material changes to the home NCA in terms of supervision of the product itself under the UCITS Directive. The notification of material changes to documents and information should be aligned with the notification to the home NCA of material changes on the product itself under the UCITS Directive rules. Apart from the changes

PCY questions	Comments
	to the PRIIPs KID, the home NCA would already be informed of any material changes to regulatory documents since it would need to review such documents as part of its supervision of the products. No duplication of notification of documents should thus be required. We do not have specific comments regarding the timing as long as the proposed reduction does not concern the authorization of the material change itself (which remains part of the home NCA's supervision of the product). On a side note, we wonder why no specific timeframe is foreseen in the proposal regarding the requirement for the home NCA to enter information in the ESMA data base on the files are complete for the notification (initial or updated) while such a timeframe is foreseen for the de-notifications. LT (Comments): We can support the proposal. IT (Comments): At this stage, we do not see any significant issues with the proposed approach. IE (Comments): We are open to this proposal. However, we have some concerns that the proposed timelines do not take into account that material changes could be complex and may require considerable consideration by NCAs, potentially requiring legal advice. We need to ensure that the NCAs are afforded sufficient flexibility in the exercise of supervisory judgement and that the timelines proposed do not compromise the robustness of the supervisory process. As such, if timelines are to be set out in the Level 1 text, we believe

PCY questions	Comments
	that provisions must be included to allow for circumstances where NCAs cannot meet the prescribed timelines. We would echo the call made by several Member States at the WP for clarity on how to assess whether a change is considered 'material'. While our NCA has a general position on what it considers to be a material change, it is unclear whether this aligns fully with other NCAs. GR (Comments): We are open to support the Commission proposal, provided that it is coupled with the full operational integration of the ESMA data platform. It is essential to ensure that the platform provides a complete, reliable, and consolidated view of all documents. FR (Comments): We support the Commission proposal to reduce the notice period for the notification of material changes to marketing notifications and fund documentation. FI (Comments): FI: We cautiously support. The outcome is dependant on the definition and interpretation of a "material change". DK (Comments): Denmark is overall positive with regard to harmonizing the procedure for applications and welcomes the fewer burdens on companies and NCAs.

PCY questions	Comments
	However, for new funds, subfunds, asset classes or branches, there should still be an approval process to secure that these are not marketed, if they have fundamental issues, before such issues have been resolved. Furthermore, we suggest that it is further specified what is meant by "material changes". Lastly, we find it to be problematic to only have 15 working days to process the notification, if the changes are significant. We would therefore prefer a longer period. DE (Comments): Yes. Focusing on material changes is a good measure for simplification but requires additional guidance for harmonisation. CZ (Comments): We are in general in support of such a proposal. However, the requirement should not be duplicative — should the information be shared through the central database, this should replace the notification procedure and not duplicate it. BG (Comments): BG: We do not have specific objections and we are open to discuss alternative timing. BE (Comments): We do not oppose the reduction of the notice period. However, we are of the opinion that:

PCY questions	Comments
	- marketing materials should not be in scope of the notification procedure (see also our answer to Q 20). - any updated legal document referred to in paragraphs 1, 2 and 4 of Article 17c of the CBDF-regulation should be included in the ESMA data platform, and not just the material changes of these documents. *Host NCAs must – pursuant to the new Article 14a, paragraph 2, of the CBDF-regulation – supervise the compliance of UCITS marketed in their territory with the new Article 12a of the CBDF-Regulation, on the basis of which these legal documents must be provided to investors in the host Member State. The host NCAs can only carry out this supervision correctly if they have access to the latest version of these legal documents (via a complete and up-to-date ESMA data platform).* - any update to the information in the notification file of the funds must be included, and not just the material changes. *Host NCAs must – pursuant to the new Article 14a, paragraph 2, of the CBDF-regulation – supervise the compliance of UCITS marketed in their territory with the new Article 17b of the CBDF-regulation, on the basis of which the necessary facilities must be available in the host Member State. The host NCAs can only carry out this supervision correctly if they have access to complete and up-to-date information from the ESMA data platform.* AT (Comments): We agree with the reduction of the current one-month notice period to 15 business days.
1.6. Simplification of pre-marketing rules and removal of new share class notifications	
Relevant *Articles: Art. 2(15) of AIFMD of the Master Directive (repeals Art. 32a AIFMD), Art. 93(8) of UCITSD repealed (through Art. 1(40) of the Master Directive which deletes Chapter XI)*	

PCY questions	Comments
Question to MS:	
27. Do MS support the simplification of pre-marketing rules and removal of new share class notifications proposed by the Commission?	SK (Comments): We fully support COM proposal. SI (Comments): Slovenia supports both proposed simplifications. The removal of the 36-month pre-marketing prohibition is welcome, as the existing restriction has not demonstrated effectiveness in preventing circumvention of the passport regime and creates unnecessary barriers to fundraising. The removal of the one-month prior notification for new share classes is equally supported, given that investors are in any case required to receive pre-contractual documents prior to investing. We would welcome clarity in the legal text on the conditions for pre-marketing under the new CBDR framework. SE (Comments): We can be open to the proposal regarding pre-marketing but have not assessed the proposal on share classes yet. RO (Comments): **We support the simplification of pre-marketing rules, but we believe that greater clarity is needed regarding investor information regarding certain share classes.** PT

PCY questions	Comments
	(Comments): Yes, we support. PL (Comments): *We support the proposal in principle, subject to reservations concerning investor protection.* *The removal of the 36-month ban is rational (it is currently overly restrictive), and the proposed simplifications may support market development.* *If the notification requirement for new unit/share classes is removed, a clear definition is needed of when a new class is materially different (in terms of risk profile and/or fee structure) in order to ensure that investors receive adequate information.* *The possibility for the competent authority to react swiftly in cases of circumvention of passporting rules should also be maintained.* LV (Comments): Supportive. LU (Comments): Regarding the pre-marketing rules: We support the proposal of the Commission to remove the 36-months ban. However, regarding the simplification of the pre-marketing rules, and as already stated in our previous written comments, we fail to understand how the home NCAs will be able to verify that pre-marketing phase is not already

PCY questions	Comments
	a form of marketing due to the fact that pre-marketing will no longer be bound by specific (notification) conditions. As a result of the absence of a specific notification regime, home NCAs will no longer be able to verify that the few requirements mentioned in the "pre-marketing definition" and in the new Article 17e CBDF Regulation are complied with (*i.e.* whether investors do not acquire units or shares through pre-marketing or the engagement of (unauthorized) third parties in pre-marketing). <u>Regarding the new share class notifications:</u> We support the removal of the one-month notification period for new share classes but would suggest for the sake of clarity adding in the text a provision for this, as this is not currently reflected in the proposal. LT (Comments): We can support the proposal. IT (Comments): At this stage, we do not see any significant issues with the proposed approach. IE (Comments): Ireland supports this proposal as the existing provisions are unclear and have no discernible benefits from a regulatory or investor protection perspective. GR (Comments):

PCY questions	Comments
	We support the simplification of pre-marketing rules and removal of new share class notifications proposed by the Commission. FR (Comments): We support the simplification of the pre-marketing regime and the removal of the requirement to notify new share classes. FI (Comments): FI: We support. DK (Comments): Denmark supports a clearer and less complex approach to pre-marketing. However, we find it important that article 30a (2) of the AIFMD is kept so that the 18 months period, where subscriptions by professional investors will be considered marketing, is still included to prevent circumvention. Further, article 30a (4) should also be kept so that the EU AIF manager must ensure that pre-marketing is adequately documented. DE (Comments): Yes. CZ (Comments): We welcome this proposal as we view it as part of a broader simplification of marketing alongside the changes to automatic passportisation. BG

PCY questions	Comments
	(Comments): BG: We do not object in general. However we would welcome clarification as to the reasons to also delete the conditions under which pre-marketing should be conducted. BE (Comments): - Pre-marketing: we do not object the Commission's proposal. - We support the removal of the one-month prior notification of a new share class. AT (Comments): We support the simplification of the pre-marketing rules.
1.7. De-notification procedure	
Relevant Articles: Art. *17d (for UCITS), Art. 17h (for AIFs) of CBDR*	
Question to MS:	
28. Do MS support the amended de-notification procedure proposed by the Commission? Please elaborate on any suggestions MS may deem necessary to improve such procedure.	SK (Comments): We would like to ask for clarification how the de-notification would be done when it will be connected only to one from several classes of shares. SI (Comments): Slovenia supports the amended de-notification procedure in principle. We would however request clarification on two points: first, whether the procedure applies only to voluntary de-notification or also to other situations

PCY questions	Comments
	such as liquidation or fund merger; and second, what documentation is required for a de-notification to be considered "complete", given that the current text does not specify this, creating legal uncertainty for both NCAs and market participants. SE (Comments): We have yet to analyse the proposal. RO (Comments): **We consider that clarifications are needed regarding the phrase "complete", considering that Articles 17d and 17h do not set out specific requirements regarding the documentation to be submitted, which makes it unclear how completeness should be assessed and, last but not least, clarifications regarding investor protection.** PT (Comments): We would welcome clarification on the reason why has the mandatory requirement for investors to exit a UCITS free of charge been removed in the de-notification procedure? Specifically, we would like to understand whether this change still adequately protect all investors, including those who remain invested in a UCITS? PL (Comments): *Conditional support.* *We positively assess the clarification that de-notification should be submitted to the home NCA, as well as the harmonised deadlines for transmission to the host NCA/ESMA.*

PCY questions	Comments
	It is necessary to clarify when a de-notification is considered "complete" and whether the procedure also covers liquidation, mergers, or compulsory events (and not only voluntary decisions). *We propose that any platform established (if created) should constitute the single channel of communication, without parallel reporting obligations.* LV (Comments): No objections. LU (Comments): We note that the discussion paper issued by the PRES clarifies that the enhanced provisions regarding the de-notification apply to de-notifications in all instances, not only in cases of a voluntary de-notification. In our opinion, this still needs to be clarified in the proposal. That being said, we are of the opinion that it would be more pragmatic to exclude from the procedure the de-notifications which result from life-cycle events, such as mergers, liquidations or end of terms. The scope of these exemptions would then need to be clarified for the sake of clarity. LT (Comments): We can support the proposal. IT (Comments): As a general remark, we support the proposal, nevertheless we have significant concerns as regards the possibility of making public the intention

PCY questions	Comments
	to terminate the marketing in English. Since for UCITS funds the typical investor is a retail one, we believe that such information should be made public in the language(s) of the Member States where the fund has been previously marketed, otherwise the information may not effectively reach the intended recipients. IE (Comments): Ireland supports this proposal, subject to clarification as to what should be deemed to be "complete" de-notification. GR (Comments): Greece supports the proposed simplification of the de-notification procedure as it enhances transparency and shortens the timeframe for updating registers via the central platform. To ensure its practical operability, we suggest clarifying that the procedure covers all instances of market exit, including liquidations or similar events. Furthermore, establishing a harmonized list of minimum documentation required for a "complete file" would prevent delays and ensure that the five-day transmission deadline is met consistently across NCAs. FR (Comments): We do not have any substantive comments on the proposed de-notification procedure. FI (Comments): FI: We support.

PCY questions	Comments
	DK (Comments): Denmark supports the proposal. DE (Comments): Yes. The submission should be done directly by the asset manager to streamline processes further. CZ (Comments): We are in general in support of this proposal. BG (Comments): BG: We would welcome clarification as to why the mandatory requirement for investors to exit a UCITS free of charge has been removed in the de-notification procedure. BE (Comments): - AIFM: We have no objection to the proposed procedure, but the proposed timing seems too tight. - UCITS: We are of the opinion that the communication to be provided to investors should always be provided in one of the national languages of the host MS (or in a language approved by the NCA of that host MS). AT (Comments): We support the amended de-notification procedure.
2. Marketing communications, fund documents	

PCY questions	Comments
2.1. Harmonise EU rules on format and content of marketing communications	
Relevant Articles: Article 4 CBDR	
Questions to MS:	
29. Do MS support the Commission's proposal? If yes, please elaborate on any adjustments and/or clarifications MS may deem necessary to ensure robustness of the proposal.	SK (Comments): We prefer definitions and core principles on L1. SI (Comments): Slovenia supports the objective of reducing divergent national requirements on marketing communications. However, we consider that core definitions and principles should be set out at Level 1 rather than left entirely to delegated acts, in order to ensure legal certainty and parliamentary oversight. The harmonised framework should be consistent with the definitions used across related EU frameworks, including UCITSD, AIFMD, MiFID II and SFDR. SE (Comments): We believe it should be clarified that Member States may still impose stricter requirements with regard to AIFs marketed to non-professional investors, as set forth in Article 43 of the AIFMD, as well as with regard to non-EU-based AIFs under Article 43(2) of the AIFMD. It could also be clarified whether member states may apply general marketing rules in relation to the marketing of UCITS and AIFs (in Sweden: The Swedish

PCY questions	Comments
	Marketing Act- marknadsföringslagen). We have yet not assessed the need for delegated acts in this matter but would like to hear from the Commission on the need for such delegated acts. RO (Comments): **See comments below.** PT (Comments): Yes, we welcome further harmonisation regarding marketing materials as well as further integration on cross border funds distribution, as national requirements might pose challenges to further integration. Consequently, we believe that a cross-sectoral harmonized definition on marketing communications should be considered. Moreover, to improve the clarity of the proposal we would appreciate further clarification regarding article 4(5a) – How should Member States distinguish between prohibited "additional requirements" and permissible general consumer law obligations? PL (Comments): *We broadly support the approach, provided it remains principles-based and does not become overly prescriptive.* *A consistent definition of "marketing communications" across the acquis (UCITS/AIFMD/MiFID/SFDR) is required in order to avoid divergences.* *Flexibility should also be preserved for short-form communications (e.g. social media); the framework must not result in a "second KID."*

PCY questions	Comments
	It is important to clarify the allocation of responsibility where distribution is carried out by a distributor in its own name. LV (Comments): We support that the host Member State must not impose any additional requirements regarding the content or format of marketing communications, other than those provided for in the Directive. LU (Comments): We do not support the Commission's proposal to harmonize the format and content of marketing communications. In our view, and while we understand the objective behind the Commission's proposal, marketing communications should remain primarily the competence and responsibility of investment fund managers, who are best placed to tailor information to their target investors. As marketing documents may differ significantly across firms and are disseminated through a wide range of communication channels (such as fact sheets, presentations, websites, mobile applications, and other digital media, as well as radio and television), any further harmonisation should be built on the framework already developed by ESMA in its guidelines in recent years and should not amount to a complete overhaul, as this would generate substantial implementation costs. We would caution against introducing new constraints that could add to the administrative burden already faced by fund managers, similar to what has been observed with PRIIPs/KIID requirements. A more flexible approach, preserving managers' ability to communicate effectively with investors, is

PCY questions	Comments
	necessary. ESMA guidelines on marketing communication are in our opinion sufficient (though they could be improved as suggested below). The ESMA Guidelines on marketing communications currently provide a non-exhaustive list of examples of messages and information that may qualify as marketing communications, and should be sufficient for our purpose. Meanwhile, we have the following other comments to the revised Article 4: 1. As already mentioned in our previous written comments, we note that UCITS management companies have been removed from Article 4(1) and replaced by UCITS, while the provision of the paragraph (5) only refers to UCITS management companies and not to UCITS, which is inconsistent. We would therefore appreciate receiving feedback from the Commission regarding the purpose of these amendments so that we can further reflect on the potential consequences; 2. In addition, we would like to highlight that, as UCIs may operate without preparing a PRIIPs KID (*e.g.* if only professional share/unit classes are launched for a certain period of time), Article 4 (2) should be amended accordingly; 3. The current (unchanged) wording refers to "units or shares" for AIFs, but only to "units" for UCITS, although the latter may also have "shares". We thus suggest adding "units or shares" also for UCITS, as this is particularly relevant for self-managed UCITS; 4. We are of the opinion that "acting on its own behalf" could be defined, as according to Article 4(5), the responsibility of the compliance of the marketing communications with this Article 4 is shifted to the distributors "acting on their own behalf";

PCY questions	Comments
	5. Article 4(5), second indent provides that "*Where the marketing function is performed by one or several distributors which are acting on their own behalf pursuant to Article 20 (6a) of Directive 2011/61/EU and Article 13(3) of Directive 2009/65/EC, those distributors shall be responsible to ensure that the marketing communications made available to investors comply with the requirements of this Article*". Though we did not raise it in our previous written comments, it seems that there is an inconsistency between the amendments of Article 20 (6a) of AIFM Directive and Article 13(3) of UCITS Directive. Indeed, while the provisions regarding distributors acting of their own behalf was kept in AIFM Directive, the proposal deletes the reference to distributors acting on their own behalf from UCITS Directive, making the reference above to Article 13(3) of UCITS Directive irrelevant. We suggest that this should be clarified. LT (Comments): In general we support the direction of travel. Any provisions that open the way for gold-plating should be avoided. IE (Comments): Ireland can support the Commission's proposal. However, we have some concerns regarding the potential for Article 4 to generate undue burden and inefficiencies for industry and would therefore welcome additional clarity in the text. GR (Comments): We support the further harmonisation of marketing communication rules to reduce market fragmentation. Though, we consider that certain adjustments are necessary to ensure the robustness of the proposal. First, a clear, horizontal

PCY questions	Comments
	definition of "marketing communication" should be established at Level 1 to ensure consistency. Second, the allocation of liability must be explicitly clarified: we believe that the management company should remain responsible for the compliance of marketing material, even in cases of delegation. FR (Comments): We do not support the Commission's proposal to harmonise the format and content of marketing communications. Competent authorities should retain the ability to develop *ad hoc* requirements to effectively protect retail investors from abusive or misleading marketing practices, given their detailed understanding of local market dynamics and distribution channels (see answer to Q19). FI (Comments): FI: We support. ES (Comments): We support the Commission's approach. DK (Comments): Denmark supports the proposal that Member States shall not impose additional requirements on the content and format of marketing communications. DE (Comments): Yes.

PCY questions	Comments
	CZ (Comments): In general, reducing the ways for divergences to appear seems to us to be sensible. For Art. 4 to be calibrated in such a way that a further delegated act is not required would be the best course of action. We support those MSs that call for a clarification of liability. We would also appreciate further elaboration on the relationship of these requirements with rules set under the RIS — VfM and marketing requirements. We would like to have the full picture of what will be required. BG (Comments): BG: We welcome further harmonisation regarding marketing materials. We are open to discuss possible adjustments and clarifications as well. BE (Comments): No, we do not support the Commission's proposal. - We are of the opinion that the NCA of the host Member State should remain fully competent for supervising marketing communications distributed on its territory and for intervening regarding such communications. Indeed, the host NCA is much better placed than the home NCA to carry out this type of supervision because of its knowledge of the local language(s), market, investors and distribution models, whereas the home NCA has no real insight into how marketing communications are distributed in the host MS. - Although we are open to the proposal to no longer allow host MS to impose additional requirements on marketing communications, we believe that this is only possible if the L1 provisions on marketing contain sufficient substance. This is currently not the case. We propose amending Article 4 CBDR by (1) requiring additional minimum information to be included in all marketing communications (such as information on risks and costs) and (2) the possibility of omitting certain minimum information from short marketing communications (provided that these are formulated in a neutral manner).

PCY questions	Comments
30. Do MS support the Commission's proposal empowering the Commission to adopt by means of delegated acts, measures specifying the content and formal of the marketing communications referred to in paragraph 1 of Article 4. If yes, do MS agree with the content to be specified under the delegated act or have any suggestions?	SK (Comments): We agree and support COM proposal. SI (Comments): We have reservations regarding the use of delegated acts as the primary instrument for specifying the content and format of marketing communications. Delegated acts in this area risk creating overly rigid requirements — comparable to a second PRIIPs-type document — and could undermine the simplification objectives of the proposal. We would prefer a principles-based approach at Level 1, supplemented where necessary by ESMA guidelines, rather than detailed prescriptive requirements through delegated acts. RO (Comments): **We consider it appropriate for ESMA to develop an RTS with prior consultation with the competent authorities, as well as including provisions aimed at the interests of investors.** PT (Comments): While we support further harmonisation and integration—and therefore would not oppose the adoption of delegated acts—we consider it important to exercise caution when introducing requirements. PL (Comments):

PCY questions	Comments
	We are hesitant. There is a significant risk of excessive detail and frequent Level 2 amendments, which would increase compliance costs and run counter to the objective of simplification. *If the empowerment is to be retained, it must be narrowly framed, with an explicit prohibition on introducing requirements comparable to an additional disclosure document, as well as a mandatory impact assessment and an appropriate implementation period.* LV (Comments): Rules and basic principles should be provided in L1. LU (Comments): As mentioned above under Question 29 and as already raised in our previous written comments, we consider regulating the content and format of marketing communications would increase administrative burden for both the NCAs and the industry and would not be aligned with the objectives of simplification, burden reduction and innovation. We are of opinion that the existing ESMA Guidelines on marketing communications are sufficient. Harmonisation, if pursued, should be principles-based rather than reliant on rigid templates, and should remain flexible enough to accommodate different marketing and communication channels. The harmonization of the marketing communications should not result in a second PRIIPs KID-type document, which would again involve substantial implementation costs. Therefore, we suggest removing such provisions relating to delegated acts.

PCY questions	Comments
	LT (Comments): We understand the concerns regarding the scope being defined in a DA. From the legal point of view, it would be better to have such provision in L1. But from simplification point of view, we also see merit in having it in DA which would allow more flexible changes. IT (Comments): Bearing in mind the objective of reducing burdens, in our view the definition of compulsory content and format for marketing communications should be carefully assessed. This is because marketing communications constitute voluntary information; therefore, a principles-based approach (such as that laid down in the ESMA guidelines) focused on the fairness of the information provided appears to be more appropriate. IE (Comments): We are open to this proposal. However, like other Member States, we would prefer to see core definitions and principles set out in the Level 1 text. GR (Comments): We support in principle the empowerment of the Commission to adopt delegated acts. The core principles and fundamental definitions of marketing communications must be set at Level 1 to avoid increased administrative burdens. Furthermore, a principle of proportionality should be integrated into

PCY questions	Comments
	the delegated acts to account for digital and short-form communication methods, such as social media posts, ensuring they can remain concise while providing clear references to the full product documentation. FR (Comments): We are sceptical that harmonisation at either Level 1 or Level 2 would be capable of adequately capturing the diversity of domestic specificities relating to fund marketing. In particular, it appears highly complex to distil sufficiently clear and operational principles in a Level 2 text without either rendering the framework either excessively detailed or principles-based. FI (Comments): FI: We support. However, regulation should not be confused with several layers of regulation. ES (Comments): We support the Commission's approach. DK (Comments): Denmark would prefer definitions and principles of marketing communications being in the level 1 text and not in a delegated act. This is also in line with ESMA Simplification & Burden Reduction (SBR) principles. DE (Comments): We support the objective of harmonisation thus removing national barriers. We believe it useful to focus on a principles-based approach instead of a

PCY questions	Comments
	delegated act with potentially too strict and formalistic requirements not suitable for marketing materials. CZ (Comments): No, we do not believe it would be a good idea for the Commission to specify the content and format of marketing communications. BE (Comments): We do not oppose the proposal empowering the Commission to adopt measures specifying the content of marketing communications. However, such empowerment requires that the rules in L1 be sufficiently detailed to allow for further elaboration in L2, which is not yet the case in the current proposal. Hence our proposal to amend Article 4 CBDR (see question 29). AT (Comments): We support harmonizations on the format.
2.2. Prior verification of marketing communications removed	
Relevant Articles: Article 7 CBDR	
Question to MS:	
31. Do MS support the removal of prior verification of marketing communications by host MS? Please elaborate	SK (Comments): Yes. SI (Comments):

PCY questions	Comments
	Slovenia broadly supports the removal of prior notification of marketing communications to host competent authorities as a simplification measure. However, we consider that host NCAs should retain effective ex post supervisory powers over marketing communications distributed in their territory, given their knowledge of local languages, markets and investor behaviour. The legal text should clarify what constitutes "reasonable grounds" for host NCA intervention, to avoid divergent approaches across Member States. SE (Comments): We are open to removing the requirement on prior verification of marketing communications. RO (Comments): **We support the Commission's proposal regarding the removal of prior verification of marketing communications by host MS.** PT (Comments): We are sensible to the argument of the principle of proximity as communications are short-lived, market-specific and drafted in the host MS language, and therefore require prompt intervention by host authorities to ensure investor protection and avoid reinforcing imbalances between export and import MS. Therefore, we wonder how prompt and effective action will be put in place and we would like to better understand why this simplification is needed and the evaluation made regarding its proportionality in view of investors protection concerns. In addition, we would appreciate further clarification on what constitutes “reasonable grounds” for intervention by the host authority.

PCY questions	Comments
	PL (Comments): *We are rather hesitant. The host NCA has a comparative advantage in assessing communications in the local language and within the specific distribution context; the absence of a swift reaction mechanism could weaken investor protection in Poland.* *If the removal is maintained, clear criteria for "reasonable grounds," a short remedial action timeline, and the possibility of directly suspending the distribution of marketing materials on an urgent basis are necessary.* *Alternatively, the option of national ex ante verification should be preserved for retail or higher-risk products.* LV (Comments): Supportive. LU (Comments): As a matter of principle, we support the removal of barriers to cross-border distribution within the EU. Accordingly, we would support the Commission's initiative to no longer allow the host NCAs to impose the prior verification of marketing communications for efficiency and convergence purposes. However, we do not support shifting to the home NCAs both the administrative burden and the ultimate liability for marketing communication

PCY questions	Comments
	submitted to them as part of the notification package for the following reasons. Under the current provisions, marketing communications do not have to be reviewed by the home NCAs. 1) From a purely operational standpoint, it would be materially impossible for home NCAs – particularly those in MS such as LU and IE, which handle a high volume of passport notifications – to review all marketing communications. Given the diversity of formats such communications may take, this could involve reviewing thousands of documents (for instance, certain large UCITS produce fact sheets at the level of each share or unit class), often drafted in multiple languages. Such a requirement would therefore run counter to the objectives of simplification and burden reduction, as the number of documents to be submitted could be extremely high. It would also adversely affect the time-to-market of products, since home NCAs would need to devote significant time and resources to review and validate these materials. 2) From a legal standpoint, national requirements for the review of marketing materials typically derive from domestic consumer protection legislation, which falls within the competence of the host Member State. It would therefore not be appropriate – nor legally feasible – to require home NCAs to apply or enforce the national laws of a host jurisdiction. For the same reason, home NCAs should not bear the responsibility for such review. For all these reasons, we therefore reiterate our position that the home NCA shall not be provided, nor review, the marketing communications and that such marketing communications shall not be included in the notification package.

PCY questions	Comments
	Our preference would be a framework under which the home NCA would receive marketing materials only upon request. An attestation by the asset manager confirming compliance with Article 4 of the Regulation should be considered sufficient for this purpose. Accordingly, we are not opposed to a review ex-post (e.g. ex post on request) by the host NCAs. In addition, as per Article 4(5) second indent, "Where the marketing function is performed by one or several distributors which are acting on their own behalf pursuant to Article 20 (6a) of Directive 2011/61/EU and Article 13(3) of Directive 2009/65/EC, those distributors shall be responsible to ensure that the marketing communications made available to investors comply with the requirements of this Article". As the distributors acting on their own behalf will not be the entity in contact with the home NCA to request an authorisation to distribute a product cross-border, how will the marketing communications they produce be validated by the home NCA and then transferred to the ESMA data platform? The same question arises regarding all the new marketing communications which will be produced after the request for authorisation (*i.e.* as some factsheets are produced on a monthly basis, should they all be sent to the home NCA for subsequent transmission to ESMA's data platform?) LT (Comments): In general we support the direction of travel. IT (Comments): Yes, we support the EC proposal concerning paragraph 1, which is consistent with the ex-post supervisory approach followed in Italy (our national

PCY questions	Comments
	competent authority does not require prior notification of marketing communications). By contrast, we reiterate the strong concerns already expressed during the CWP on 19 February regarding the proposed allocation of supervisory competences between Home and Host authorities in cases of non-compliant marketing communication, as envisaged in paragraph 2 of Article 7. It is important to note that same concerns were expressed by many other Member States. Indeed, such a proposal appears to be based on the assumption that the European passport operates only to a limited extent. In this respect, it is worth recalling that the Italian experience offers a different perspective, considering that as much as 80% of the investment funds marketed in Italy (i.e., approximately 15,000 UCITS/AIFs) operate under the passport regime, and therefore no obstacles appear to limit access to our domestic market. This factual evidence should be carefully considered before removing the powers of host Member State authorities in relation to marketing communications, which in our experience have proven useful in ensuring an adequate level of investor protection. Furthermore, the fact that funds are passported in only a few Member States could be influenced by the different levels of private savings among Member States, with a high concentration in just a few of them. Moreover, another aspect that should be carefully considered concerns the nature of marketing communications, which are typically tailored to the specific characteristics of individual national markets (and drafted in the language of the host Member State) and are often disseminated within relatively short timeframes, thereby requiring prompt and swift intervention by the supervisory authority. In this context, the proposed reduction of host authorities' powers in relation to marketing communications risks undermining investor protection and cannot be supported, as highlighted by other delegations during the last meeting. In the past, reaction mechanisms based on intervention by home

PCY questions	Comments
	NCAs in cases involving the marketing and distribution of passported funds in the Italian market have proven difficult to activate and represent a negative benchmark. As already mentioned in other responses, to solve potential divergencies in supervisory practices, we would prefer instead to explore the introduction of mandatory supervisory colleges for large asset managers whose investment funds are marketed across multiple Member States, involving the authorities of host countries, which are better placed to safeguard the interests of local investors. Please see also our response to question 35 for further details. IE (Comments): While the title of Article 7 (and question 31) refers to the removal of prior verification of marketing communication, the proposal itself actually relates to removal of prior notification of marketing communication. This distinction is important as it is removing the requirement for UCITS/AIFs to notify host NCAs of their intention to market in their jurisdiction. For effective supervision of UCITS/AIFs, NCAs must be aware of all UCITS/AIFs marketing in their jurisdiction and the requirement for UCITS/AIFs to notify NCAs of such activity is key. While we can support the removal of prior verification of marketing communications, we would have concerns with respect to supervision and investor protection with the removal of prior notification of marketing communications. On Article 14a, we would appreciate clarification on ESMA's role under the provisions in paragraph 5 which allows a host Member State to "refer those findings to ESMA through the data platform referred to in Article 12". In

PCY questions	Comments
	referring the findings to ESMA, is it envisioned that ESMA will take an active role in mediating between home and host NCAs or will the home and host NCAs have the opportunity to resolve the issue bilaterally in the first instance (i.e. the reference to ESMA is simply in the context of the data platform as a means of transmitting findings of the host). We would prefer to maintain the status quo, as per Article 108(4) of the UCITSD, which provides for bilateral engagement between home and host NCAs before matters can be escalated to ESMA. GR (Comments): We support the removal of prior verification for marketing communications to reduce administrative burdens and streamline cross-border distribution. We would welcome further clarification on what constitutes "reasonable grounds" for host authority intervention, to ensure consistent application across Member States. Also, it would be helpful to establish strict timelines for cooperation between Home and Host NCAs. Furthermore, full and timely access to marketing materials through the central data platform is a prerequisite for ensuring that investor protection remains robust in an ex-post supervisory model. FR (Comments): We do not support the removal of the possibility for host NCAs to carry out prior verification of marketing communications. In our view, having the possibility to perform such *ex ante* verification constitutes an important supervisory tool to ensure the proper oversight of products distributed within a given jurisdiction and to safeguard investor protection. Furthermore, we do not consider that this prior verification mechanism represents a disproportionate operational burden for market participants. In

PCY questions	Comments
	practice, we believe prior verification with a non-objection procedure to be equivalent to *ex post* supervision. FI (Comments): FI: We support. ES (Comments): We support the Commission's approach. DK (Comments): Denmark supports the proposal of removing prior verification of marketing communications as we believe that this proposal can contribute to reducing burdens. DE (Comments): Yes. CZ (Comments): We are cautiously in support of simplifications and could agree with the removal of prior notifications. What we are sensitive to is the ability of the host MS to intervene and the balance of home-host authority, on which we would welcome further discussion. BG (Comments): BG: We do not object to the deletion.

PCY questions	Comments
	BE (Comments): Although we have no objection to the removal of prior verification of marketing communications, we believe that this is only acceptable in a context where the host NCA remains fully competent to supervise and intervene regarding marketing communications distributed on its territory. The arrangement whereby – in case of non compliance with the requirements of Article 4 - the host NCA can only request the home NCA to take the necessary measures, is not acceptable (see question 29). Indeed, besides the arguments mentioned under question 29, it is important as well to underline that the proposal to make the home NCA responsible for the monitoring of marketing communications on the territory of the host NCAs also raises serious practical concerns. In practice, due to the lack of knowledge of the local language(s), market, investors and distribution models but also to the volume of marketing communications, it would be impossible for a home NCA to supervise and react rapidly. It is also unclear why this new allocation of supervisory responsibilities is proposed and to what extent the other elements of the MISP are not sufficient (no a priori control, no national requirements, new convergence tools for ESMA, etc). What is clear on the contrary is that the new system proposed by the Commission would risk lowering the quality of supervision, which in turn could impact retail participation.
2.3. Harmonisation of fund documents + translations limited to the PRIIPS KID only	
Relevant Articles: Article 69(2) and (4) UCITSD, Article 12a(2) of CBDR	
Questions to MS:	
32. Do MS agree with the proposed amendments?	SK (Comments): We agree with COM proposal.

PCY questions	Comments
	SI (Comments): Slovenia supports the introduction of closed lists for prospectus and half-yearly report content as a meaningful harmonisation measure. Regarding language requirements, we support the general objective of reducing translation burdens for fund managers; however, where units are offered to retail investors, information should remain accessible in a language those investors can effectively understand. We would welcome clarification on whether Member States may continue to require translations into their official language for retail offerings. SE (Comments): We could be open to harmonise fund documentation by introducing closed lists, provided that such closed list includes all the relevant information. RO (Comments): **We consider it risky to translate using artificial intelligence, as there may be material errors that artificial intelligence cannot detect. Furthermore, who will be responsible for checking for material/substantive errors or the accuracy of the AI-translated document?** PL (Comments): *We are rather hesitant.* *For investors in Poland, key documents (at least the prospectus to the extent relevant for investors, including information on risks and costs) should be available in Polish; otherwise, investor protection and confidence in the passporting regime will be weakened.*

PCY questions	Comments
	Automated translations do not ensure adequate quality; the absence of clear liability for errors is unacceptable (risk of disputes and claims). *We propose maintaining the possibility for host Member States to require translations into the host language for retail offerings, or alternatively introducing a minimum set of documents/sections to be translated (e.g. a prospectus summary).* LV (Comments): Regarding the availability of marketing materials only in English and the provision of automatic translations on ESMA's website – we may need to be cautious, taking into account the national language legislation requirements. We support the view that retail investors should have access to information in their national language, and if automatic translations on ESMA's website will be used, an open question remains regarding the responsibility for the quality and accuracy of such translations. LU (Comments): We agree with the proposed amendments. LT (Comments): We support harmonisation and closed list of information required. Regarding the translations, we see the issues that would arise if only the KID would be translated in host MS language or the inaccuracies and issues automated translation could create. We are not convinced proposed suggestions would add value to current situation.

PCY questions	Comments
	IT (Comments): Subject to the clarification provided by the European Commission that the new provisions do not prevent a fund manager from translating fund documents into the local languages where it markets its funds, we can support the amendments. IE (Comments): While we understand the principle driving the proposal, we have some reservations about limiting an NCA's discretion in relation to prospectus disclosures. On the automatic translation provisions in Article 12(3), we have concerns regarding the ability to machine translate accurately technical documents. This, in turn, leads to questions about who is responsible for verification and who is liable in cases of errors, inaccuracies and omissions. GR (Comments): Greece is open to discussing the proposed amendments regarding the harmonisation of fund documents and the use of a language customary in the sphere of international finance. We believe that uniformity can enhance cross-border distribution and investor comparability. Regarding linguistic requirements, while we support administrative simplification, we maintain reservations about the reliability of automated translations and their impact on investor protection FR (Comments):

PCY questions	Comments
	We support the proposed harmonisation of fund documentation under the CBDR, with the sole caveat of the translation of fund documents (see answer to Q33) FI (Comments): FI: We support. ES (Comments): We welcome the Commission's proposal. Specifically, these measures will: • Promote convergence: • Boost investor clarity: • Ease the language burden: However, despite our overall support, it is critical to ensure full investor protection: - **Flexibility in Prospectus Content** The content of the prospectus should not be excessively rigid. Several Member States (MS) have expressed concern regarding the removal of the concept "at least." A strictly closed list could prevent the inclusion of additional information necessary to reflect: • The diversity of UCITS structures and market evolution. • Innovative strategies. • Emerging or product-specific risks. • Operational specificities relevant to the investor.

PCY questions	Comments
	Therefore, while a harmonized list is supported, it should be accompanied by a clause that allows ESMA/NCAs to include relevant supplementary information whenever necessary. - **The language used in** Investor Facilities: The proposed Art. 17b CBDR allows "facilities" for investors (complaints, contact points) to be provided only in a language "customary in international finance." This significantly weakens retail investor protection. Facilities are operational and informative; they are the primary link between the fund and the citizen. We advocate for maintaining the original UCITS requirement: facilities must remain available in the official language of the Host Member State. DK (Comments): We support the proposal to provide a less complex investor information material. We believe that information and documents pursuant to Chapter IX of Directive 2009/65/EC and Article 23 of Directive 2011/61/EU shall not be translated into a language customary in the sphere of international finance, but that this shall be translated into the national language of the Member State.

PCY questions	Comments
	For other general marketing we support a translation into a language customary in the sphere of international finance. DE (Comments): Yes. CZ (Comments): This is one of the discretions whose removal we would not necessarily mind. BE (Comments): With regard to the removal of the national discretion to require additional elements to be included in funds' prospectuses and half-yearly reports : we do not support this proposal. We are of the opinion that national legislation may require additional information to be included in the prospectus. With regard to the translation of legal documentation (with the exception of the KID) into a language customary in the sphere of international finance: we do not agree with the systematic mandatory translation of all legal documentation into this language. This creates unnecessary regulatory burdens. For example, a Belgian UCITS marketed in the Netherlands can currently simply use the existing prospectus in Dutch in the Netherlands. In the future, the UCITS would be required to translate the prospectus into English. AT (Comments): We agree that an automated translation function via the ESMA data platform instead of each fund translating documents individually would be helpful.
33. Subject to the objective of harmonisation, do MS consider necessary any clarifications or adjustments in the legal text?	SK (Comments): Yes. These changes have to be described in the Recital.s

PCY questions	Comments
	SI (Comments): Clarification is needed on two points: first, the liability regime for errors, omissions or inaccuracies arising from automatic translation on the ESMA data platform should be explicitly addressed in the legal text, as it is currently unclear which entity would bear responsibility. Second, the legal text should clarify whether national requirements for translations into the official language of the host Member State — where that language is not customary in international finance — may be maintained for retail offerings without conflicting with the new CBDR provisions. SE (Comments): Under Swedish law, the fund documentation of a UCITS must contain information about the degree of activity in relation to a benchmark in order to avoid closet indexing. This has been successful in the Swedish market in reducing the prevalence of closet index funds and helped reduce fund fees. We therefore believe information on activity should be included in fund documentation. We also believe information on costs should be clearly specified in further detail than today. With regard to the proposed automatic translations, we believe it should be clarified how this would work in practice, the quality of such documents and liability for errors. RO (Comments): **We believe that harmonizing the information contained in the documents is beneficial.** PT

PCY questions	Comments
	(Comments): We also share the concerns regarding automatic translations that were highlighted in the discussion paper, and therefore consider it important to obtain further clarification on how these will be operationalised, as well as on the allocation of responsibilities – who will be responsible for errors, omissions or inaccuracies arising from automatic translation? Moreover, it remains unclear whether there will be any obligation to ensure that such translations are subject to continuous improvement. We are further reflecting on this topic. A possible solution that preliminary as resulted from our internal discussions would be to establish a MS option. PL (Comments): *If the amendments were to be retainted, clear rules on liability for translations (i.e. who is responsible for the content made available to the investor), as well as minimum quality standards for machine translations are needed, as well as the possibility to require the use of the local language for documents addressed to retail investors (at least key sections), together with clear criteria defining what constitutes a "language customary in international finance."* LV (Comments): We support the harmonisation of prospectuses and semi-annual reports. From an investor's perspective, if the information in the prospectus and the semi-annual report is merely a 'variation on a theme' and differs in each Member State, then in practice fund comparability does not exist. It would also be impossible to assess whether the product meets the client's needs or to evaluate its performance indicators. LU

PCY questions	Comments
	(Comments): We would like to suggest the following adjustments in Article 12 CBDF Regulation: 1. As already mentioned in our drafting suggestions shared in our previous written comments, we highlight that a reference to the key information document as referred to in Regulation (EU) No 1286/2014 needs to be added to Article 12a since it is no longer required under the proposal which removes section 3 of the Chapter IX of the UCITS Directive; 2. the reference to the "*language customary in the sphere of international finance*" should not lead, for example, to the situation where a prospectus of a Luxembourg fund drafted in French must be translated into English for marketing in countries such as Belgium, where people rather speak French. A wording similar to the existing one in the current Article 93 (4) of UCITS Directive could be added here (*i.e.* Article 12a (2)(b) *"information or documents other than that referred to in point (a) shall be translated into a language customary in the sphere of international finance,* ***unless the UCITS home and host Member States agree that such information and documents may be provided in an official language of both Member States).";*** 3. Article 12a (4) refers only to "*units*". For harmonisation purposes, we suggest adding "*or shares*" to the provision (*i.e.* "*4. The frequency of the publication of the issue, sale, repurchase or redemption price of units* ***or shares*** *of UCITS according to Article 76 of Directive 2009/65/EC shall be subject to the laws, regulations and administrative provisions of the UCITS home Member State.* FR (Comments):

PCY questions	Comments
	As regards translations, we consider it important that at least marketing communications, as well as other documents like the prospectus, are made available in the official language of the Member State where the fund is marketed, and not only the PRIIPS KID. FI (Comments): FI: We don't have any suggestions for clarifications or other right now. ES (Comments): Financial markets evolve faster than regulations. A static harmonized list risks becoming obsolete. • Proposed Mechanism: we suggest including a provision for the periodic review of the harmonized content. The framework should allow for streamlined procedures to update requirements such as new market practices, innovative operating models, or emerging risks arise. Additionally, given that ESMA does not assume liability for potential errors in the platform's machine translation, it is essential to clarify: • Whether the liability falls on the entity (the management company/issuer). • Whether the translation is for purely informational purposes for the NCA.

PCY questions	Comments
	• Whether the original version should prevail in the event of a discrepancy. DK (Comments): Not at this time BE (Comments): With regard to the automatic translation of documents: it is not clear how these translations will be carried out, who can consult these translated documents and who will be responsible in case of errors, as ESMA shall not be held liable.
2.4. Removal of UCITS KIID requirement	
Relevant Articles: Chapter IX, Section 3 (Articles 78 to 82) UCITSD deleted	
Question to MS:	
34. Do MS agree with the Commission proposal?	SK (Comments): Yes. SI (Comments): Slovenia agrees with the proposed deletion of the UCITS KIID requirement. The obligation has become redundant following the entry into force of the PRIIPs Regulation for UCITS, and its removal contributes to meaningful simplification and burden reduction without affecting the level of investor protection.

PCY questions	Comments
	SE (Comments): We support the proposal to remove the UCITS KIID requirement. RO (Comments): **We believe that more clarification is needed regarding the impact of eliminating these obligations.** PT (Comments): We agree with this removal, this redundancy fully aligns with the broader simplification agenda. PL (Comments): ***Yes – we support the proposal, provided that the quality of information available to investors is preserved.*** *The removal of the KIID reduces duplication and compliance costs; the PRIIPs KID should remain the primary disclosure document for retail investors. However, it is advisable to monitor whether the PRIIPs KID ensures sufficient comparability and comprehensibility, and—if necessary—to introduce targeted clarifications within the PRIIPs framework rather than maintaining two parallel regimes.* *For professional investors, consideration could be given to ensuring access to key information in a concise format (e.g. a "professional summary"), so as not to lower the overall information standard.* LV

PCY questions	Comments
	(Comments): Agree. LU (Comments): We agree with the removal of UCITS KID requirement. However, as already mentioned in our previous written comments, we suggest determining clearly which NCA shall be considered to be the competent authority to review the content of the PRIIPs KID of the relevant UCITS (since normally this would be the NCA of the manufacturer of the PRIIP). As can be concluded from Section XI of the ESAs Consolidated Q&As on the PRIIPs Key Information Document, the PRIIP manufacturer can only be the UCITS management company or the AIFM of the fund, or, in particular in the case of a self-managed UCITS or internally managed AIF, the fund itself. Consequently (*e.g.* if a UCITS management company would be established in a different Member States than the UCITS), a situation could arise where the competent authority for the supervision of the PRIIPs KID could be different from the competent authority for the supervision of the UCITS. This would mean a shift from the current regime under the UCITS Directive where the home NCA of the UCITS is also the competent authority of the key investor information document. LT (Comments): We can support the proposal.

PCY questions	Comments
	IT (Comments): We support the proposal, as it reduces the administrative burden for asset managers while not diminishing investor protection, given that the removal is limited to UCITS targeted at professional investors. IE (Comments): Ireland fully supports the proposal to remove the UCITS KIID requirement. GR (Comments): Yes, we agree. We note that we consider essential to explicitly clarify the legal liability regime for documents produced through automated translation tools. It must be clear which entity bears responsibility for the accuracy of these translations if they are used by investors or for supervisory purposes. Furthermore, the legal text should ensure that harmonisation does not lead to a regulatory gap, allowing NCAs to maintain visibility over information that is critical for the domestic market and the legal certainty of the investment process. FR (Comments): We support the Commission's proposal to remove the UCITS KIID requirement. FI (Comments): FI: We support.

PCY questions	Comments
	ES (Comments): We support the Commission's approach. DK (Comments): We support this proposal as it will reduce unnecessary burdens. DE (Comments): Yes. CZ (Comments): Yes, we strongly support the proposal. BG (Comments): BG: We support the proposal. BE (Comments): Yes, we agree with the Commission proposal. AT (Comments): We strongly welcome the removal of the UCITS KIID requirement.
C. ESMA's new powers- Powers relevant to cross-border distribution-marketing of investment funds	ES (Comments):

PCY questions	Comments
	We echo the comments made by France and the Netherlands (supportive of the escalating mechanism of ESMA). BG (Comments): BG: We are concerned as to the proposed powers and from the point of view of existing powers, it is not entirely clear what the new powers are intended to regulate. What should be understood as "supervisory deficient actions" in para 1 of Article 14c?
Relevant Article: Article 14c of the CBDR	
Questions to MS:	
35. Do MS support the escalation processes to be implemented by ESMA, which empower it to detect and address instances of divergent, duplicative, redundant or deficient supervisory practices that hinder the cross-border marketing of UCITS and AIFs or instances where, the cross-border marketing of UCITS or AIFs does not comply with Union law. If yes, are there any adjustments or clarifications MS deem necessary in order to ensure the effectiveness and efficiency of such escalation process?	SK (Comments): We fully support this proposal. SI (Comments): Slovenia has significant reservations regarding the proposed escalation framework under Article 14c. The conditions triggering ESMA action are insufficiently defined at Level 1, and the provisions risk evolving into a de facto supervisory override. Should the escalation framework be retained, ESMA's role should be strictly limited to coordination and information-sharing, with any actions taking the form of non-binding recommendations addressed to the relevant NCAs. Appropriate procedural safeguards — including prior consultation with home and host NCAs and explicit appeal mechanisms — must be provided for in the legal text.

PCY questions	Comments
	SE (Comments): We understand the objective of the proposed ESMA powers and acknowledge that they could be useful in addressing home/host issues. At the same time, we are concerned that this article isn't proportionate in relation to what it tries to address. It's important that market participants understand who is responsible for supervision, and this article risks creating ambiguities. We are concerned the proposed ESMA powers might create legal uncertainty for firms, which may harm competitiveness. We also need to analyse these provisions in relation to Swedish law. It would be helpful to understand the reasoning behind giving ESMA more far-reaching mandates than NCAs currently have, and whether firms could end up being sanctioned both nationally and by ESMA. In addition, we also see a need to discuss the new powers of ESMA to address cross-border issues in AIFMD, UCITSD and CBDR both in terms of scope and process as well as how they relate to the new articles in the ESMA regulation and national law. This is an important matter that requires further discussion in order to clarify the division of responsibilities between ESMA and national competent authorities. RO (Comments): **We have reservations about the new role of ESMA.** **This requires further analysis at ASF's level.** PT (Comments):

PCY questions	Comments
	Although we recognise the objective of addressing obstacles to cross border marketing and see merit in a stronger coordinative role for ESMA—particularly in facilitating information exchange, operational coordination and the effective use of data platforms—we have reservations regarding the added value of Article 14c. In light of the already extensive convergence toolkit available to ESMA, and as emphasised on the discussion paper, it remains unclear whether the proposed mechanism would deliver tangible benefits beyond existing instruments, or risk evolving into a quasi-supervisory layer, thereby increasing administrative burdens for NCAs and firms and potentially undermining the overall simplification objective. We would therefore favour a more clearly circumscribed, non-binding role for ESMA under Article 14c, focused on coordination and information sharing, with explicit limits at Level 1, appropriate procedural safeguards and appeal mechanisms, and a clearer articulation of PL (Comments): *The mechanism could transform ESMA into a quasi–first-instance supervisor in cross-border matters, which would be inconsistent with the existing sectoral supervisory architecture.* *There is a lack of clear procedural safeguards (appeal rights, deadlines, evidentiary standards) and of a precise definition of the conditions triggering the procedure.* *If retained, ESMA's role should be limited to coordination/mediation and non-binding recommendations, with an explicit exclusion of any sanctioning effect.* LV (Comments): We support this, provided that the amendments genuinely facilitate the cross-border distribution across the EU of AIFs and UCITS managed by

PCY questions	Comments
	small-country AIFMs and UCITS management companies. At the same time, the potential benefits must be assessed in the context of the additional administrative burden for supervisory authorities, ESMA, and market participants. LU (Comments): Please refer to Question 17. LT (Comments): We support the idea that ESMA would detect instances of divergent, duplicative, redundant or deficient supervisory practices. This is useful and necessary supervisory convergence action that should be one of the main goals of ESMA. The proposed powers of ESMA raise legal question – whether is ESMA can take supervisory actions against the entity that was authorised and is supervised by an NCA. Art 14c CBDR refers not only to actual divergent duplicative redundant and deficient practices but also to potential ones. Following Commission's clarifications during the CWP on how this article would work in case of a potential issue, we still have doubts whether the legal text of the article really caters for future situations. Subsequent actions that ESMA might take are linked to identified breaches only but not to potential future situations. Therefore, the article would need additional paragraphs that would explain what actions should follow once potential future issues are identified. Regarding Art 14c para 3 sub-para 2 – what is ESMA obliged to do – to use one of the 4 mentioned articles (17, 17aaa, 19 and 19a) or use any other tool it has? Legal calrity in the text is necessary. IT (Comments):

PCY questions	Comments
	As a general remark, we support strengthening ESMA's role in fostering supervisory convergence and efficiency of supervisory practices. That said, we believe that a proper evaluation of the proposed mechanism should be conducted taking into account the changes to the proposed role for host NCAs in the context of the revision of the CBDR and the general powers attributed to ESMA pursuant to Regulation (EU) 1095/2010. In this regard, we reiterate our strong concerns linked to the proposed deletion of host NCAs powers in relation to marketing communication. Based on our experience, with 80% of the funds distributed in Italy registered in other MS, we strongly disagree on the underpinning idea that this power may represent an obstacle to the cross-border distribution of funds. On the contrary, it's a tool that proved to work well, allowing funds to enter other MSs, while keeping high level of investor protection by allowing host NCAs to act swiftly. Moving from the current model, to the proposed one, where host NCAs can only refer issues to home NCAs and then count on ESMA to intervene in case of disagreement is a clear step back in terms of efficiency of the supervision and is not coherent with the nature of the supervision over marketing communications that - in order to be effective - requires swift actions. For other areas, we see merit in introducing additional powers for ESMA, particularly when it comes to deficient supervisory practices, still we have some doubts on the interplay between these provisions and those included in Regulation (EU) 1095/2010. On a more general note, we reiterate our support for exploring the possibility to establish supervisory colleges. Lastly, we highlight that the obligation imposed on ESMA to publish an annual report may prove excessive, considering that the situations addressed by the Article are intended to be "exceptional" in nature rather than ongoing. It would be more appropriate for the reporting obligation to be event-driven, i.e. linked to the actual identification of "critical" situations that have required ESMA's intervention.

PCY questions	Comments
	IE (Comments): While we are supportive of addressing barriers to cross-border marketing of funds, we are concerned that the powers given to ESMA under Article 14c are disproportionate and excessive. We would also question the efficacy of this power in terms of facilitating greater cross-border distribution of funds given the existence of arguably more significant barriers to cross-border activity eg. different tax regimes, national consumer protection rules etc. GR (Comments): Greece acknowledges the Commission's objective of improving supervisory convergence and is open to the escalation process proposed for ESMA, provided that its scope and procedural safeguards are clearly defined. Clarifications would be useful to ensure that the mechanism operates efficiently, respects national competences, and avoids unnecessary administrative burden. The escalation framework should remain a tool of last resort and be applied in a structured and transparent manner. We see merit to utilize existing cooperation mechanisms avoiding additional administrative and cost burden. FR (Comments): We strongly support the enhanced powers conferred on ESMA in relation to the cross-border distribution of funds, notably through the escalation process. FI

PCY questions	Comments
	(Comments): FI: We cautiously support, but would emphasize the importance of avoiding to cumbersome processes. DK (Comments): We support the overall objective of the proposal, namely the objective to ensure the effective functioning of passporting rights. We therefore welcome the mandate for ESMA to systematically identify diverging, duplicative or deficient supervisory actions by home and host authorities. On a general note, it is particularly important that ESMA's engagement with NCAs at this stage remains solution oriented and cooperative with corrective actions designed to resolve issues at an early stage and with due regard to proportionality. However, we find the nature of the ESMA activities in this article to be unclear. It is, among other things, not clear how these activities relate or differ from the annual review and, as a general note, there seems to be an overlap of the activities. We are worried about the interplay between processes undertaken in Article 14c in the cross-border distribution regulation compared with for instance the escalation process in Article 17 and 17aaa in the ESMA regulation, will be very rigid and not sufficiently take into account risk-based approaches at national level. Further, we are worried about double competencies between ESMA and NCA's, and how that could affect the risk-based approach at national level and legal clarity for entities on which supervisor has the final word. For instance, if an NCA has focused its efforts on specific areas during one year

PCY questions	Comments
	due to the risks they see in their national market, we fear that if ESMA for some reason disagree with this assessment and focuses on different areas during their evaluations of the NCAs' efforts, that this could lead to unjustified reactions from ESMA and be detrimental for a risk based approach at the NCA-level. If ESMA is granted the proposed suspension powers and exercises those powers to escalate, we do not support that the escalation is mandatory for ESMA. As such, we suggest that "**shall**" should be changed to "**may**". DE (Comments): We consider it the most resource-efficient option for ESMA to focus on cases where ESMA intervention is requested to address an actual, identified divergent or deficient issue with a cross-border dimension. For investor protection reasons is appropriate to enable NCAs to continue supervising distribution in its the national market and remain able to intervene ex-post in cases of infringment of the marketing provisions with ESMA taking a coordination/harmonisation function. CZ (Comments): No. As a host MS, we would like to keep at least some emergency powers at the national level rather than escalate to ESMA. The current ESMA tools were sparsely used and thus we would advocate for usage of today's rules rather than creating new ones. BE (Comments): We can be open to the new powers granted to ESMA, while being open also to amendments that would be supported by a majority of Member States in order to

PCY questions	Comments
	fine-tune or clarify those powers where needed. In particular, we think that ESMA's role should be to facilitate coordination and convergence, not to fulfil a supervisory function. It would also be important to clarify the difference between these new powers and current existing ESMA powers or tools. AT (Comments): In general, we are open to discussing a mechanism to identify duplicative or redundant supervisory actions limited to cross-border marketing issues. However, (even then) we have concerns regarding the incurred costs and are skeptical concerning the identification of "deficient" supervisory actions.
36. In the event MS do not support the escalation processes proposed to be implemented by ESMA, please explain whether such position, is based on MS assessment that such cross-border issues, can be adequately solved using existing coordination and cooperation mechanisms already available to ESMA.	SI (Comments): Our reservations are partly based on the assessment that existing coordination and cooperation mechanisms — including ESMA mediation powers under Article 19 ESMAR, peer reviews and supervisory colleges — could address cross-border marketing frictions more proportionately. No sufficient evidence has been provided that these existing tools are inadequate. We would welcome a more targeted approach, focused on specific identified barriers, before introducing a permanent intervention structure of this nature. RO (Comments): yes PT (Comments): As highlight on the previous question, while we remain open to further discuss this aspect, we have same reservations which stem from the assessment that existing coordination and cooperation mechanisms already provide adequate

PCY questions	Comments
	means to address cross-border supervisory issues. These tools have not been demonstrated to be insufficient, and the Commission has not provided compelling evidence that an additional escalation layer would materially improve outcomes. We wonder if strengthening the consistent use of existing instruments, combined with greater transparency and improved information-sharing, would not be a more proportionate and effective approach. PL (Comments): *Yes – subject to strengthened cooperation practices.* *ESMA already has appropriate tools at its disposal (mediation, breach-of-Union-law procedure, peer reviews, guidelines); these should be improved in terms of timelines, SLA-type arrangements, and a transparent escalation pathway.* *In practice, many barriers are non-supervisory in nature (e.g. tax law, consumer protection law); supervisory escalation alone will not resolve such issues.* *We propose focusing efforts on eliminating genuine barriers (divergent interpretations and practices) through enhanced supervisory convergence and common data standards.* LV (Comments): See Q35. LU

PCY questions	Comments
	(Comments): We do support an escalation process, but consider that such process is already provided for in the ESMA regulation (e.g. settlement of disagreements, breach of Union law). IT (Comments): Please see our response to question 35. IE (Comments): As with similar proposed powers under the Master Directive, we have serious reservations and many questions (who determines what constitutes a "deficient supervisory action"; what type of "additional information" will be collected from NCAs and how frequently; will NCAs have an opportunity to disagree or challenge ESMA's findings or the order for corrective actions). We are not convinced that ESMA requires such far-reaching and interventionist powers to resolve these issues and believe that existing coordination and cooperation tools, properly utilised, should be sufficient. GR (Comments): No such case FR (Comments): However, these strengthened powers should not come at the expense of host NCAs' ability to regulate and supervise funds marketed within their jurisdiction.

PCY questions	Comments
	For instance, we deem it important to maintain the ability of competent authorities of the host Member State to prevent the marketing of UCITS and AIFs' units when they have reasonable grounds to believe that such a UCITS or AIF does not comply with applicable regulations. ESMA could act as an appeal chamber to resolve any issues between the home and the host authorities. DK (Comments): Denmark supports the proposed process, but we would welcome more clarity. CZ (Comments): We are doubtful about the necessity and practical added value of these proposed articles. ESMA has numerous tools at its disposal to achieve its goal of supervisory convergence. We have strong reservations towards any binding powers granted to ESMA — it adds another layer and is thus not a simplification of the market environment but the exact opposite. It is our view that the necessary tools are already in place, and changing the landscape again will not bring much positive.
37. Do MS support the powers vested upon ESMA, in the event where, despite the escalation process and corrective actions proposed by ESMA, the problems persist? Please elaborate on any positive and/or negative aspects of this proposal, and suggest any changes that would in MS opinion make the proposal more appropriate to serve its purpose.	SK (Comments): Yes. SI (Comments):

PCY questions	Comments
	Slovenia does not support the suspension power in its current form. While we acknowledge that a measure of last resort may in principle be warranted in cases of persistent non-compliance, the conditions under which ESMA may exercise this power are insufficiently defined and the procedural safeguards inadequate. In particular, the possibility of suspension without prior consultation of the home NCA raises serious concerns. Should any suspension power be retained, it should be subject to strict Level 1 conditions, mandatory prior consultation with the home NCA, explicit time limits, and full judicial review. RO (Comments): **We could have a collaboration with ESMA, but with a clear delimitation of the NCA's competences, without any constraints from ESMA.** PT (Comments): While we recognise the intention to ensure effective cross-border supervision, the proposed powers— including, inter alia, the ability to suspend marketing—raise concerns regarding proportionality, legal certainty and the potential duplication of supervisory powers already held by NCAs. As highlighted in the discussion paper, it remains unclear how these measures would deliver tangible benefits beyond the coordination and cooperation tools that ESMA already has at its disposal. In addition, the introduction of the Executive Board would diminish the role of the Board of Supervisors, thereby accentuating the lack of procedural safeguards and stakeholder involvement in the proposed framework. Notably, ESMA would be able to propose corrective measures without consulting national competent authorities, and any such action should be subject to the possibility of appeal. PL

PCY questions	Comments
	(Comments): *Direct ESMA actions vis-à-vis entities (e.g. suspension or prohibition measures) should remain exceptional and require a clear legal basis as well as judicial review.* *In cases of persistent problems, we prefer recommendations addressed to NCAs, a jointly agreed home–host action plan, or—where systemic deficiencies persist—an infringement procedure against the Member State (rather than against the entity).* *Any "last resort" measure should be preceded by full consultation with the home NCA and an assessment of the impact on investors (continuity of management, valuation, redemptions).* LV (Comments): - LU (Comments): Please refer to Question 17. IT (Comments): As anticipated in our response to question 35 we see support strengthening ESMA's role in fostering supervisory convergence and efficiency of supervisory practices. In this regard, we do see merit in giving ESMA powers to intervene in case of supervisory failures that have an impact on the cross-border distribution of funds, but we believe that additional clarity should be introduced in the text to better specify when such powers can be activated and the interplay with Regulation (EU) 1095/2010. When it comes to solving

PCY questions	Comments
	issues linked to diverging, duplicative or redundant supervisory practices, we believe that the establishment of supervisory colleges in which ESMA should have a key role and composed by home and host authorities should be considered. Supervisory colleges have been already tested in other areas and, if carefully designed, they may be more effective in solving the issues at stake. This approach has been supported by other Member States as well and deserves to be further explored. IE (Comments): The powers given to ESMA to suspend cross-border marketing of a UCITS or suspending an AIFM, EuVECA manager or EuSEF manager from marketing an AIF cross-border represents a blurring of the lines between direct and indirect supervision and leads to legal uncertainty. GR (Comments): Greece notes the proposed ESMA powers as a last-resort tool and recognizes the potential value of a coordinated response where cross-border issues persist. At the same time, further clarity on the practical conditions, limits and safeguards applicable to such powers would help ensure proportionality, legal certainty and smooth cooperation with national authorities. FR (Comments): It is essential that ESMA's powers in this context become binding where the escalation process does not lead to a satisfactory resolution, in order to avoid persistent supervisory divergences across Member States. FI (Comments): FI: We generally support.

PCY questions	Comments
	DK (Comments): Denmark supports the overall objective of the proposal to ensure more convergent supervisory approaches. For the ESMA suspension powers, we do not support the power to suspend the cross-border marketing of individual UCITS's or AIFs. It constitutes a far-reaching intervention with direct market impact, and it also makes way for double competencies between NCAs and ESMA. CZ (Comments): In our view, Art. 14c would be better framed as a provision focused on coordination, information-sharing and operational facilitation, including via data platforms. In addition, we would support the introduction of an unrestricted depositary passport. During the AIFMD II review, a framework with a EUR 50 billion threshold was introduced; while this was thought adequate at the time, it has proven insufficient. AOB: While we fully support the goal of a well-functioning single market, free of unnecessary barriers and burdens, we would raise our concern regarding the increased frequency of Working Party meetings — and whether, at that pace, the requisite quality and thoroughness of the proposals can realistically be achieved. Moving quickly and moving well are often at odds, similarly, debating at length does not equal debating well. On both counts, we would urge a careful and considered approach.