

Targeted consultation on integration of EU capital markets – Part 1

Fields marked with * are mandatory.

For technical reasons, the questionnaire has been divided into 2 parts.

This is part 1

Part 2 on **horizontal barriers to trading and post-trading infrastructures, asset management and funds, supervision, and horizontal questions on the supervisory framework** is available here:

[Respond to part 2](#)

Also note that the **question numbering might differ compared to the original pdf version** of the consultation document published on 15 April.

Introduction

Implementation of the [savings and investments union \(SIU\) strategy](#), as presented in the **Commission Communication of 19 March 2025**, is a top priority of the Commission. The [SIU](#) will be a key enabler of wider efforts to boost competitiveness in the EU economy by improving the way the EU financial system mobilises savings for productive investment, thereby creating more and better financial opportunities for citizens and businesses.

The development and integration of EU capital markets should be a market-driven process, but various barriers to that market-driven process must first be removed. Despite the harmonisation of regulatory frameworks and the existence of financial services passports, the persistent fragmentation due to these barriers is limiting the potential benefits of the EU's single market. Financial-market participants cannot fully benefit from scale economies and improved operational efficiency, or are not adequately incentivised to facilitate cross-border investments, raising the costs and restricting the choice of financial services available to businesses and citizens. By delivering better and cheaper financial services, the SIU will be a key element in boosting economic competitiveness.

More integrated and modernised EU capital markets should also allow us to explore and benefit from technological developments and innovation. The use of newer generation technologies such as distributed ledger technology, tokenisation of financial instruments, will allow us to empower our capital markets and equip them for the opportunities and challenges ahead.

The Communication on the SIU announced legislative proposals in the fourth quarter of 2025 to remove barriers to cross-border trading and post-trading, cross-border distribution of investment funds and cross-border operations of asset managers. This reflects [President von der Leyen's mission letter to Commissioner Albuquerque](#), which includes the task to “*explore further measures to [...] promote scaling up of investment funds, and remove barriers to the consolidation of stock exchanges and post-trading infrastructure*”. To this end, the Commission has already launched external studies to identify barriers affecting the consolidation of trading and post-trading infrastructures and the scaling up of investment funds in the EU. These barriers include those of an economic, legal (at national and EU level), technological, behavioural and operational nature.

Divergences in supervisory practices can also act as a specific barrier to capital-market integration, as financial-market participants operating across borders must manage different requirements across the single market. Accordingly, any strategy to integrate EU capital markets naturally leads to the need for more efficient and harmonised supervision. The aforementioned studies also seek to identify barriers to integration that are linked to supervision and the Commission will propose legislative measures in the fourth quarter of 2025 to strengthen supervisory convergence and to transfer certain supervisory tasks for capital markets to the EU level.

As part of implementing the SIU strategy, this targeted consultation seeks stakeholders' feedback on several issues and possible measures, legislative or non-legislative on 2 main areas:

- barriers in general to the integration and modernisation of trading and post-trading infrastructures, the distribution of funds across the EU and efficient cross-border operations of asset management
- and barriers specifically linked to supervision

In line with the [simplification communication](#), simplification will underpin all efforts to implement the SIU strategy and respondents are invited to indicate any areas in which regulatory simplification would be appropriate.

As a swift action is required under the savings and investments union strategy to untap EU enormous potential and give it the means to secure its economic future, this consultation must be completed within eight weeks. It is acknowledged that this consultation is extensive and to the extent that not all questions will be relevant to all stakeholders, respondents are invited to reply only to those questions that are most relevant to them.

Responding to this consultation

In this targeted consultation, the Commission is interested in the views of a wide range of stakeholders. Contributions are particularly sought from financial institutions and other markets participants, national supervisors, national ministries, the ESAs, EU institutions, non-governmental organisations, think tanks, consumers, users of financial services and academics. Market participants include operators and users of trading and post-trading infrastructures in the EU, notably trading venues, broker-dealers, issuers, institutional and retail investors, clearing counterparties (CCPs), central securities depositaries, trade repositories, other financial market infrastructure operators, asset managers, investment funds, regardless of where they are domiciled or where they have established their principal place of business.

This consultation should be seen as a distinct exercise from any targeted queries received by relevant stakeholders in relation to the currently ongoing external studies to identify barriers affecting the consolidation of trading and post-trading infrastructures and the scaling up of investment funds in the EU.

Responses to this consultation are expected to be most useful where issues raised in response to the questions are supported with a clear and detailed narrative, evidenced by data (where possible), concrete examples, legal references and qualitative evidence, and accompanied by specific suggestions for solutions to address them in the Regulation.

Urgent action is required to address persistent fragmentation that limits the benefits to be gained from the EU's single market and contribute to secure EU's prosperity and economic strength. All interested stakeholders are invited to reply by 10 June 2025 at the latest to the online questionnaires below.

Please note that to ensure a fair and transparent consultation process only responses received through the online questionnaires will be taken into account and included in the report summarising responses.

Recognising the comprehensive nature of this consultation, it has been decided to divide it into six key topics: simplification, trading, post trading, horizontal barriers to trading and post-trading, asset management and funds and supervision. This approach aims to streamline the response process and ensure each aspect is thoroughly addressed, thereby making it more manageable for respondents to engage with and contribute their insights effectively. By organising the consultation in this manner, the aim is to encourage detailed and focused feedback on each specific area, ultimately leading to a more robust and inclusive dialogue.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-markets-integration-supervision@ec.europa.eu.

More information on

- [this consultation](#)
- [the consultation document](#)
- [savings and investments union](#)
- [the protection of personal data regime for this consultation](#)

About you

* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
-

- French
- German
- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

* Organisation size

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

6182372280-83

* Country of origin

Please add your country of origin, or that of your organisation.

- | | | | |
|---|--|---|--|
| <input type="radio"/> Afghanistan | <input type="radio"/> Djibouti | <input type="radio"/> Libya | <input type="radio"/> Saint Martin |
| <input type="radio"/> Åland Islands | <input type="radio"/> Dominica | <input type="radio"/> Liechtenstein | <input type="radio"/> Saint Pierre and Miquelon |
| <input type="radio"/> Albania | <input type="radio"/> Dominican Republic | <input type="radio"/> Lithuania | <input type="radio"/> Saint Vincent and the Grenadines |
| <input type="radio"/> Algeria | <input type="radio"/> Ecuador | <input checked="" type="radio"/> Luxembourg | <input type="radio"/> Samoa |
| <input type="radio"/> American Samoa | <input type="radio"/> Egypt | <input type="radio"/> Macau | <input type="radio"/> San Marino |
| <input type="radio"/> Andorra | <input type="radio"/> El Salvador | <input type="radio"/> Madagascar | <input type="radio"/> São Tomé and Príncipe |
| <input type="radio"/> Angola | <input type="radio"/> Equatorial Guinea | <input type="radio"/> Malawi | <input type="radio"/> Saudi Arabia |
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| <input type="radio"/> Antarctica | <input type="radio"/> Estonia | <input type="radio"/> Maldives | <input type="radio"/> Serbia |
| <input type="radio"/> Antigua and Barbuda | <input type="radio"/> Eswatini | <input type="radio"/> Mali | <input type="radio"/> Seychelles |

- Argentina
- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Ethiopia
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
-
- Malta
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Sierra Leone
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo

- Heard Island and
McDonald Islands
- Burkina Faso
 - Burundi
 - Cambodia
 - Cameroon
 - Canada
 - Cape Verde
 - Cayman Islands
 - Central African Republic
 - Chad
 - Chile
 - China
 - Christmas Island
 - Clipperton
 - Cocos (Keeling) Islands
 - Colombia
 - Comoros
 - Congo
 - Cook Islands
 - Costa Rica
 - Côte d'Ivoire
 - Croatia
 - Cuba
 - Curaçao
 - Cyprus
 - Czechia
 - Honduras
 - Hong Kong
 - Hungary
 - Iceland
 - India
 - Indonesia
 - Iran
 - Iraq
 - Ireland
 - Isle of Man
 - Israel
 - Italy
 - Jamaica
 - Japan
 - Jersey
 - Jordan
 - Kazakhstan
 - Kenya
 - Kiribati
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 - Kuwait
 - Kyrgyzstan
 - Laos
 - Latvia
 - Lebanon
 - Norfolk Island
 - Northern Mariana Islands
 - North Korea
 - North Macedonia
 - Norway
 - Oman
 - Pakistan
 - Palau
 - Palestine
 - Panama
 - Papua New Guinea
 - Paraguay
 - Peru
 - Philippines
 - Pitcairn Islands
 - Poland
 - Portugal
 - Puerto Rico
 - Qatar
 - Réunion
 - Romania
 - Russia
 - Rwanda
 - Saint Barthélemy
 -
 - Tokelau
 - Tonga
 - Trinidad and Tobago
 - Tunisia
 - Turkey
 - Turkmenistan
 - Turks and Caicos Islands
 - Tuvalu
 - Uganda
 - Ukraine
 - United Arab Emirates
 - United Kingdom
 - United States
 - United States Minor Outlying Islands
 - Uruguay
 - US Virgin Islands
 - Uzbekistan
 - Vanuatu
 - Vatican City
 - Venezuela
 - Vietnam
 - Wallis and Futuna
 - Western Sahara
 - Yemen
 - Zambia

- Democratic Republic of the Congo
- Denmark
- Lesotho
- Liberia
- Saint Helena
Ascension and
Tristan da Cunha
- Saint Kitts and Nevis
- Saint Lucia
- Zimbabwe

* Field of activity or sector (if applicable)

- Auditing
- Central bank
- Central Counterparty (CCP)
- Central Securities Depository (CSD)
- Clearing house
- Credit institution
- Credit rating agency
- Energy trading company (non-financial)
- European supervisory authority
- Insurance
- Investment firm
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (except CCPs, CSDs, stock exchanges)
- Member State Authority other than a national supervisory authority
- Multilateral development bank
- National supervisory authority
- Organisation representing European consumers' interests
- Organisation representing European retail investors' interests
- Pension provision
- Public authority
- Publicly guaranteed undertaking
- Settlement agent
- Stock exchange
- System operator
- Technology company
-

Other

Not applicable

The Commission will publish all contributions to this targeted consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association, 'consumer association', 'EU citizen') is always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

* Contribution publication privacy settings

The Commission will publish the responses to this public consultation. You can choose whether you would like your details to be made public or to remain anonymous.

Anonymous

Only the organisation type is published: The type of respondent that you responded to this consultation as, your field of activity and your contribution will be published as received. The name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

Select the topics

To the extent that not all questions will be relevant to all stakeholders, respondents are invited to reply only to those questions that are most relevant to them within the questionnaires they have chosen to respond to.

Choose the section(s) you want to respond to:

- 1. Simplification and burden reduction
- 2. Trading
-

3. Post-trading

For technical reasons, the questionnaire has been divided into 2 parts.

This is part 1

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1. Simplification and burden reduction

The focus of this targeted consultation is to remove barriers to enhance the integration of the EU capital markets and to support their modernisation. By doing so, it will contribute to simplify the framework of EU capital markets and support the Commission's initiative to make Europe faster and simpler. This section seeks stakeholders' view on general questions regarding simplification and burden reduction of the EU regulatory framework in the trade, post-trade and asset management and funds sectors. Respondents are asked to provide concrete examples to support answers provided, and, where possible, quantitative and qualitative information.

Question 1. Is there a need for greater proportionality in the EU regulatory framework related to the trade, post-trade, asset management and funds sectors?

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Question 1.1 Please explain your answer to question 1 and provide suggestion on what form it should take:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Under the principle of proportionality, EU regulations should be effective and necessary, without imposing excessive burdens. While frameworks like AIFMD and UCITS generally respect this principle, other

regulations are applied too uniformly or interpreted rigidly by European Supervisory Authorities (ESAs) through Level 2 and 3 measures, failing to consider sector-specific needs.

For example, the proposed AML package introduces customer due diligence rules that are unnecessarily burdensome and costly for both fund professionals and investors. These measures do not effectively target real AML risks and may undermine financial inclusion, reduce investor participation, and harm the EU's global competitiveness.

Although the new AML Regulation supports electronic identification, the EBA's proposals are heavily influenced by the private banking model and overlook the intermediated structure of the fund industry. The proposed rules impose rigid technological and procedural standards that are not suitable for all sectors. Obligated entities should have the flexibility to adopt alternative, risk-based measures beyond electronic ID solutions, provided those solutions ensure data quality and accuracy. They should also be free to define their own risk assessment frameworks and use tools such as ID documents, video conferencing, or e-IDAS systems when necessary. Additionally, open-source verification—like the websites of legal entities, regulators, or stock exchanges—should be accepted for confirming credentials.

Another issue is the lack of harmonisation in disclosure requirements, particularly between MiFID II, PRIIPs, and UCITS, which results in duplicative and inconsistent cost transparency obligations. Better alignment, especially between MiFID II and IDD, is needed to improve the clarity and readability of information for investors.

Disclosure and reporting requirements should also be streamlined to reduce redundancy. The implementation of MiFID/MiFIR has led to overly complex and repetitive information, particularly for institutional and professional investors, while retail investors are often overwhelmed by the complexity. This may discourage investment rather than promote protection. A more targeted approach, tailored to different investor types, would improve effectiveness. The Retail Investment Strategy should focus on simplifying disclosures, boosting financial literacy, and facilitating access to investment accounts for minors, all aligned with the goals of MiFID II and the broader Savings and Investment Union initiative.

More broadly, the volume of disclosure documentation makes the investor journey unnecessarily complex. For example, buying crypto assets online is often simpler than investing in regulated UCITS or AIF funds, illustrating the urgent need to simplify the investment process for regulated products.

In this context, outdated administrative practices—such as requiring translations for professional or institutional investors, postal delivery of information, or wet signatures should be reconsidered. These are increasingly unfit for the digital age and can even render key processes ineffective (e.g., letters arriving by mail after the objection period has passed).

Prospectuses have become overloaded with legal disclaimers and SFDR annexes that are too detailed and rarely read by investors. A move toward standardization, simplification, and digitalization is needed.

Duplications such as re-disclosing prospectus content on websites should be avoided. Similarly, the hundreds of pages of SFDR disclosure in annual reports create significant red tape. A thorough review should be conducted to assess which information is truly necessary and to eliminate less relevant content.

A last example relates to the Market Abuse Regulation (MAR) that applies uniformly across all asset classes, disregarding the varying levels of market abuse risk. This one-size-fits-all approach can have negative consequences for debt instruments, which generally carry low risk. A more tailored application of MAR, aligned with the specific nature of each financial instrument and market, is needed.

Finally, a more consistent and meaningful application of the proportionality principle is essential across all regulatory levels. Before introducing new rules, existing legislation should be evaluated through impact assessments or fitness checks to ensure it is achieving its intended goals. This approach would also help in determining the most appropriate regulatory instrument whether directives, regulations, recommendations, or best practices in order to meet policy objectives effectively and efficiently.

Question 2. In particular, in relation to question 1 above, should the [Alternative Investment Fund Managers Directive \(AIFMD\)](#) threshold for sub-threshold AIFMs take into consideration for instance the market evolution and/or the cumulated inflation over the last 10-15 years?

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Question 2.1 Please indicate what could be an appropriate fixed threshold, or whether the threshold should be set in a delegated act to allow easier adjustments based on a methodology that you are invited to outline in your response, and why:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In general, we believe that the thresholds under Article 3(2) of the AIFMD have always been very low and challenging for smaller (above-threshold) managers who were not able to benefit from the exemptions for entities below the thresholds. The substance requirements and operational costs for AIFMs have increased steadily over time.

As far as the amount is concerned, the thresholds have remained unchanged since the directive's adoption in 2011, despite significant inflation and market growth. In addition, the costs of launching, operating and managing of alternative investment funds have increased (expanded reporting and compliance obligations, more stringent governance and delegation oversight expectations and greater technological, legal and infrastructure requirements). As a result, these thresholds have become increasingly restrictive over time and are not proportional, particularly for smaller managers (e.g. focused on venture capital, private debt or impact investing). A 30% increase would reflect the erosion of purchasing power, given that inflation has reduced the value of the euro by roughly one-third since 2011, and better align the thresholds with current economic conditions. Moreover, the size of the AIF industry has expanded substantially more than 30% since 2011, reinforcing the argument that such an adjustment would not materially increase systemic risk. One can also look at how the UK FCA is changing its rules to achieve a suitable outcome for smaller managers.

However, given the regulatory pressures on substance and the operational framework mentioned above, we would point out that, even with a 30% increase in both thresholds it may be difficult for smaller AIFMs to remain profitable. Please see our answer to question 3 on proportionality.

Ideally, a mechanism for regular indexation should be introduced, through delegated or implementing acts, allowing the thresholds to be updated periodically without the need for a full legislative review. But in the end, we are of the view that a shift to level 2 in that sense would not result in a major change, and that it would also take some time to modify the related act from time to time.

In order not to impair the stability of the regime (the national implementation of AIFMD is still ongoing), we

suggest that changes are only discussed as part of the next revision of the AIFMD.

With regards to AIFM thresholds, whether an AIFM qualifies as sub-threshold AIFM depends not only on the AIFMD threshold figures but also on how leverage is determined at the AIF level, as unleveraged AIFs benefit from a significantly higher threshold.

A series of AIFs does not use leverage at fund level but may have intermediate vehicles holding investments that use leverage.

The AIFMD empowers the European Commission to define how leverage, including through intermediary structures, is calculated. ESMA and the Commission have issued rules and guidance to assess when an AIF increases its exposure.

Under Regulation No 231/2013, AIFMR, exposure in third-party structures controlled by an AIF must be included in its leverage calculation if those structures are specifically set up to increase exposure at the level of the AIF exposure. Exposure contained in financial or legal structures which are not specifically set up to increase the exposure at the level of the AIF should a contrario not be included in the calculation of exposure of this AIF, which means that increase of exposure contained in such structures should not result in the AIF being leveraged for the purpose of the AIFMD.

ESMA clarified in its July 2014 Q&A that if an AIF does not have to bear losses beyond its investment in a structure used to acquire non-listed companies, the structure should not be considered as having been set up to increase exposure at the level of the AIF. Despite given in a PE fund context, the ESMA answer focuses only on ring fencing so that for the application of the rule the AIF typology shall be irrelevant.

In June 2023, ESMA's new Q&A on real estate AIFs caused confusion by suggesting that whether leverage at an intermediate vehicle level counts toward the AIF's leverage might depend on the AIF's strategy.

Distinguishing the application of the general principle of the first sentence of Article 6(3) AIFMR based on AIF type is hard to justify and could significantly affect AIFMs managing ring-fenced structures who have relied on prior ESMA and Commission guidance. Ignoring the general principle could negate the benefit of the higher sub-threshold limit for many managers with AUM between €100 and €500 million.

Question 3. Would you see a need for introducing greater proportionality in the rules applying to smaller fund managers under AIFMD?

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Question 3.1 Please explain and provide suggestion on what form it should take, indicating if possible estimates of the resulting cost savings:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As mentioned in our answer to question 2, we believe that there is a need to ensure that smaller AIFMs are profitable. The increased regulatory burden is in most cases the result of requirements introduced at EU level, where NCAs do not see any possibility to apply proportionality at their own discretion. It is important that local regulators are close to asset managers and that they are in a position to assess where

proportionality is needed.

The AIFMD level 2 rules (Commission Delegated Regulation 231-2013 on exemptions, general operating conditions, depositaries, leverage, transparency and supervision) provide proportionality in various places on an ad hoc basis. A general principle would be useful, but to avoid ambiguity it would need to be supplemented by a (non-exhaustive) list or specific areas where proportionality applies. Examples include the number of staff required or the functions held by the same conducting officer (e.g. valuation and risk), as well as local staff requirements for the IT function.

Question 4. Are there any barriers that could be addressed by turning into a Regulation (certain provisions of) the

- [Alternative Investment Fund Managers Directive \(AIFMD\)](#)
- [Financial Collateral Directive \(FCD\)](#)
- [Markets in Financial Instruments Directive \(MiFID\)](#)
- [Undertakings for Collective Investment in Transferable Securities Directive \(UCITSD\)](#)
- [Settlement Finality Directive \(SFD\)](#)

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Please explain your answer to question 4:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not consider that barriers could be addressed merely by turning into a regulation certain provisions of the above listed EU Directives.

UCITS / AIFMD:

The implementation of the AIFMD and UCITS Directive into national law has proven to be robust, consistent and well adapted to the needs of both the market and supervisors. In Luxembourg, the CSSF has demonstrated its ability to apply the rules in a proportionate, risk-based, and practical manner, supporting strong investor protection, prudential control and the growth of AIFs/UCITS. With a regulation, it would be harder if not impossible to apply rules in a proportionate manner where this is needed (see our answer to question 3).

In general, we are of the view that divergences do not arise from the nature of the legislative acts, which are directives rather than regulations, but from national gold-plating, in particular national laws, regulations or administrative practices or interpretations that add requirements not provided for in the respective legal framework, which are often in contradiction to what is provided by the directive. Where possible, any changes should focus on the national legislator being more consistent with the wording and provisions contained in directives covering different topics and the more frequent use of Union law breach procedures in case of non-compliance.

This is evidenced by the ELTIF Regulation. Despite its stricter nature, which leaves less room for interpretation, there have been many discussions about national implementations that create barriers to the cross-border fund business. A regulation simply shifts these discussions to another place, when it comes to interpretation of rules.

We believe that directives combined with systematic review clauses provide a solid basis for a high level of harmonisation at EU level. The focus in the future should be on enhancing supervisory convergence, not on replacing a functioning regulatory framework with a more rigid regime that could undermine well-established national practices.

Financial Collateral Directive/Settlement Finality Directive:

One example where a regulation could be helpful: in the context of the temporary equivalence provided by the European Commission to CCP located in the UK, the enforceability and validity of collateral posted in these CCPs should be ensured vis-à-vis counterparties based in the EU27 area. Conflict between UK and EU laws could be avoided in this respect through a regulation.

Question 5. Are there areas that would benefit from simplification in the interplay between different EU regulatory frameworks (e.g. between asset management framework and MiFID)?

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Question 5.1 Please explain and provide suggestions for simplification.

Also if possible present estimates of the resulting cost savings:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

For interactions between the UCITS and AIFMD framework and MiFID, please refer to our comments under Question 1.

Question 6. Would the key information documents for packaged retail and insurance-based investment products (PRIIPs KID) benefit from being streamlined and simplified?

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Question 6.1 Please explain and provide suggestions for simplification. Also indicate what should be prioritised and if possible present estimates of the resulting cost savings:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Consumer testing showed that the PRIIPs KID is not widely used and understood by retail investors. 69% of clients in a survey conducted on behalf of the German Banking Industry Committee did not read the PRIIPs KID.

Both performance scenarios and implicit transaction costs are not easy to understand from an investor perspective.

In addition, consideration should be given to ways in which the content and structure of the KID can be streamlined to make it more functional and less intimidating to investors.

Suggestions for simplification/cost savings:

- Performance scenarios:

The PRIIPs KID should only disclose past performance information (directly in the document, not only through a link), no future performance scenarios. This approach was successfully tested with consumers in the context of the UCITS KIID.

- Transaction costs:

The UK FCA is proposing to remove the requirement to calculate implicit transaction costs (see FCA consultation CP 25-9). These costs are in fact an estimate, which may be negative and reduce the explicit costs, and are based on a costly methodology, the implementation of which is detrimental to investors given the (very low) amount of these estimated implicit costs in relation to the calculation costs incurred (data) – ultimately paid by the investor.

The fund industry welcome's the FCA's new approach and it is of the view that the EU legislator should also abandon the requirement to calculate implicit transaction costs, in order to ensure consistency.

Practitioners must buy market data to comply with such requirement, which can be very expensive, and they are sometimes even higher than the costs for producing the overall KID. As a result, costs could be saved by simplifying the cost calculation, which would also reduce the risk of reporting wrong figures.

- Streamlining the content and structure of the KID:

Section headings should be short and clear labels rather than (sometimes lengthy) questions. Question-type headings should only be used for documents that are likely to be used only once, not for those that users will refer to regularly. For example: "What are the risks and what can I get out of it?" can be replaced by "Risk

and reward profile" and "How long should I hold this product and can I take money out early?" by "Investment horizon" or "Time horizon".

- PRIIPs KIDs requirements:

The requirement to produce and update PRIIPs KIDs for investors in AIFs and UCITS is unnecessarily burdensome and offers limited value to professional or semi-professional investors. While PRIIPs KIDs are technically not required for AIFs sold solely to professional investors, ambiguity remains for "semi-professional".

Question 7. Do you have other recommendations on possible streamlining and simplification of EU law, national law or supervisory practices and going beyond cross-border provision?

- Yes
- No
- Don't know / no opinion / not applicable

Question 7.1 Please list your recommendation and suggested solutions.

Please rank them as high, medium or low priority:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In addition to the temporary suspension of CSDR cash penalties discussed at the EU T+1 Industry Committee, we recommend permanent exemption of the cash penalties regime (with a medium priority). For additional recommendations, please refer to our response to Question 28 of Section 5 of this consultation.

Cash penalty mechanism: ALFI produced a best practice paper ahead of the February 2022 go-live and performed an assessment of these penalties. For an asset manager, CSDR running costs amount to EUR 300k on a yearly basis (150k of HR, 100k IT, 50k of custody costs). Hence on a monthly basis, breakeven is at 25k of credit penalties received. This implies an unlikely very high level of credits to receive. The materiality of penalties is very low, the vast majority being below the EUR 5 threshold. The asset management industry consensus shows that 80% of penalties implying asset managers are credit received. Many Tier 2 asset managers (managing less than 1 trillion EUR) prefer to give up their penalties to their depository. Penalties are kept by the depository; therefore, the end client is not receiving the penalties. Since CSDR entered into force in 2014, many Tier 1 asset managers have increased their settlement rate, sometimes with rates above 99%. The rationale of 2008/2009 underpinning the drafting of CSDR is now obsolete, and therefore not applicable to a 2025 more consolidated and automated industry. In light of the above, the deterrence principle of the penalties mentioned in Art. 7(2) does not seem to be satisfied. Moreover, the application of the effectiveness principle of EU law is questionable.

EU is facing an unlevel playing field with the US and other regions of the world like the UK, where there is no settlement discipline regime. A bottleneck on key resources is observed where settlement specialists working on cash penalties are also solicited on the design of the EU T+1 processes. As regards exempting SFTs from the T+1 rule, this exemption should not exacerbate a potential mismatch between the selling leg (at T+1) and the securities lending leg recall (at T+2). Therefore, there is a need for a pass-on mechanism, meaning in case of unsuccessful recall of a security lent that is eventually sold, the borrowing faulty party will have to bear the penalty, not the selling party.

The cash penalty mechanism is definitely a hurdle on the road to EU T+1, bringing unnecessary complexity, and undermining the competitiveness of EU investment funds. Given the low effectiveness level of Art 7(2) CSDR, a permanent exemption looks more appropriate than a temporary one.

Question 8. Does the EU trade, post-trade, asset management or funds framework apply disproportionate burdens or restrictions on the use of new technologies and innovation in these sectors?

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Please explain your answer to question 8 and provide examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not believe that it is the management or funds framework that places disproportionate burdens or restrictions on the use of new technologies and innovations in these sectors. Rather, it is a matter of cost whether a firm is able to access these technologies or innovations. It is also worth noting that, in the context of the ESMA Common Supervisory Action on the supervision of costs and fees of UCITS, some regulators believe that the disclosure of all fees for funds (including for such technologies) must be properly disclosed to investors in the fund documentation, which may lead to a de facto burden for those using such technologies, in particular where technologies benefit partly the fund and partly the asset manager. In addition, other regulatory frameworks such as DORA may have an impact on, for example, the choice or number of ICT service providers.

We nevertheless confirm that some aspects of the current regulatory framework present significant burdens for the industry.

A clear example is the Settlement Finality Directive (SFD) and the Central Securities Depositories Regulation (CSDR), both of which are built around traditional, centralized infrastructures. This creates friction when applied to distributed ledger technology (DLT)-based systems, which operate on fundamentally different principles.

DLT-based settlement platforms face significant challenges in gaining recognition as central securities depositories (CSDs), primarily due to inflexible licensing frameworks and outdated requirements such as centralized record-keeping. These structural mismatches make it difficult for innovative market infrastructures to enter or scale within the EU market.

The DLT Pilot Regime, launched in 2023, represents a positive step by allowing market infrastructures to use DLT under a controlled framework. However, it remains time-limited and highly restrictive, with caps on market size and eligible participants. As a result, very few firms have applied under this regime, largely due to its limited commercial appeal.

To better support innovation, the framework should allow for greater proportionality, especially by aligning activity thresholds with the scale and systemic relevance of each project. As currently designed, the regime's

activity caps are too low to attract larger infrastructures, which find the limits commercially unviable. We would reiterate our point that the DLT pilot regime, being implemented as an exception regime, results too restrictive. We would advise the corresponding regulatory framework should be built up on in the actual EU regulations, outside of an exception regime, to foster regulatory certainty going forward.

A more flexible, proportionate approach has already been recommended by national regulators such as CONSOB (Italy) and AMF (France), and has been adopted in the UK's Digital Securities Sandbox (DSS). The DSS explicitly tailors activity limits to the size and complexity of participating institutions, offering a more innovation-friendly model. It is to be noted that the UK sandbox has less restrictions as compared to the DLT Pilot Regime with regards to the requirement of being registered as a CSD prior to operating. Hence the burden appears more significant on the EU side.

In particular, fintech companies consider the current regulatory burdens present too high barriers to entry and keep new entrants out.

Moreover, some requirements concerning the potential prudential treatment of crypto-assets, would benefit from clarification. Those would include, in particular, the requirements targeting credit institutions dealing with such types of assets.

Furthermore, the scope of eligible securities under the EU framework could be broadened, as could the permitted use of electronic money tokens (EMTs) and tokenized deposits, both of which are essential components of an efficient, blockchain-based post-trade ecosystem. Meanwhile, more clarity could be brought to the specific case of hybrid instrument, to avoid regulatory uncertainty in this regard.

Question 9. Would more EU level supervision contribute to the aim of simplification and burden reduction?

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Please explain your answer to question 9:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ALFI considers that the benefits of a single EU level supervisor in terms of simplification and burden relieve are not tangible compared to the existing situation. The latter could only be improved by maximum harmonization in legislation and forbidding gold plating at Member State level.

On simplification: ALFI had set up a high-level task force on the integration of financial markets in Europe focusing on the aspect of cross-border distribution of investment funds. Quite a few national measures and gold plating have been identified in the fields of discriminatory taxation measures, protectionist national legislation favoring local investment funds, market practices that de facto keep requirements that have been abolished by EU legislation, The origins of the most severe obstacles were all in national legislation. An EU level supervisor would not change that legislation or de facto practice and will not be able to simplify the situation for those most serious barriers.

The issues above are all linked to the ability of Member States to gold plate. As long as Member States keep that power, there will be no integrated financial markets, EU supervisor or not.

On burden reduction: The Single Supervisory Mechanism (SSM) in the banking area is a cautionary tale both on simplification and on burden reduction. It is built on a hub and spoke model with the ECB at the center and the NCAs around. NCAs are the 'agents' of the current supervisory model. This means that the NCAs continue their supervision with an added EU level and additional ECB requirements on top of the existing ones. NCAs apparently had to hire additional staff to cope with the additional ECB requirements in supervision. Banks are complaining of a higher supervisory burden instead of a lower burden.

On the side of financial burden, the result of the hub and spoke model is that banks falling under ECB supervision have to pay supervisory fees to the ECB on top of those already paid to the NCAs. In Luxembourg the CSSF is mainly financed by these national supervisory fees and fees have significantly risen since the SSM has been put in place.

A truly centralized EU level single supervisor would avoid the above pitfalls of the hub and spoke model but would encounter other issues. Current candidates for the role are not known for their supervisory experience of asset managers, nor for their swiftness of decision taking, their pragmatic approach to concrete issues or their sense of competitiveness of the EU industry. There are not unfounded concerns of creating a heavier bureaucratic machine than any existing NCA in any significant current EU asset management or investment fund centre.

Any such centralized EU level supervisor would still be an addition to the supervisors of investment funds which are by nature regulated at national level and deeply steeped in 27 national law systems and geared to specializations and specific know how of financial centres, national traditions, requirements, political sensitivities etc.

2. Trading

This section seeks stakeholders' feedback in the trading space on the nature of barriers to integration, modernisation and digitalisation of liquidity pools and on several issues that can be grouped into two key objectives/areas, as well as their interplay: barriers to cross-border operations in the trading space and barriers to liquidity aggregation and deepening. Respondents are asked to provide concrete examples to support answers provided, and, where possible, quantitative and qualitative information.

Please note that regulatory barriers to the operation of groups and their capacity to leverage intra-group synergies is addressed in the separate questionnaire on horizontal barriers.

2.1. Nature of barriers to integration, modernisation of liquidity pools

Question 1. What is your assessment of the current level of integration of liquidity pools across the EU?

- 1 - Absent
- 2 - Inefficient
- 3 - Neutral
- 4 - Slightly efficient
- 5 - Efficient

- Don't know / no opinion / not applicable

Question 1.1 What are the barriers that limit the level of integration of liquidity pools in the EU?

Please select as many answers as you like

- Legal/regulatory barriers at EU level
 - Legal/regulatory barriers at domestic level (including also insolvency law, tax, etc., and including barriers resulting from goldplating of EU law)
 - Non-regulatory barriers (market practices)
 - Supervisory practices
 - Other barriers
-

Question 2. Please provide concrete examples of the identified barriers.

In case of legal barriers (excluding on the “group operations” dealt with in the section on horizontal barriers), please indicate the relevant provisions.

Where possible, please provide an estimate of resulting additional costs and /or impacts on execution quality:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.2. Regulatory barriers to cross-border operations in the trading space

Question 3. What is your assessment of the current level of harmonisation of EU rules applicable to:

	1 (insufficiently harmonised)	2 (poorly harmonised)	3 (partially harmonised)	4 (sufficiently harmonised)	5 (fully harmonised)	Don't know - No opinion - Not applicable
Regulated markets and their operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other trading venues and their operators	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The provision of execution of orders on behalf of clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The provision of reception and transmission of orders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 4. For which areas do you believe that further harmonisation would be beneficial?

Please select as many answers as you like

- Rules of trading venues (i.e. exchange rulebook)
 - Approval of rules of trading venues and oversight over their implementation /changes
 - Governance of the market operator
 - Open/fair access provisions
 - Other areas
-

Question 5. Please explain and provide concrete examples of areas where a lack of harmonisation might hamper the full harnessing of the benefits of the single market and, where relevant, differentiate between regulated markets and other trading venues (notably, multilateral trading facilities (MTFs), small and medium enterprises (SME) growth markets and organised trading facilities (OTFs)).

Please provide an estimate of costs and benefits of greater harmonisation in each specific case, where possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.3. Non-regulatory barriers (market practices) to liquidity aggregation and deepening

2.3.1. Integrating liquidity pools across the Union

Question 6.1 Can the use of new digital technology solutions contribute to integrating liquidity pools or connecting different pools across the EU?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 6.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N/A

Question 6.2 What barriers do you face in implementing such technology-based solutions? Please explain:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

This question is to be seen from an operational standpoint and is not applicable at industry association level.

Intermediaries and venues interconnections

Question 7. What is your overall assessment of the level of direct connection (i.e., ability to directly execute orders) of EU investment firms to execution venues across the Union, especially to execution venues located in a different Member State than that of the investment firm?

- 1 - Absent
- 2 - Inefficient
- 3 - Neutral
- 4 - Slightly efficient
- 5 - Efficient
- Don't know / no opinion / not applicable

Please explain your answer to question 7:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 8. What is your overall assessment of the level of indirect connection (i.e., ability to execute orders via another intermediary) of EU investment firms to execution venues across the Union, especially to execution venues located in a different Member State than that of the investment firm?

- 1 - Absent
- 2 - Inefficient
- 3 - Neutral
- 4 - Slightly efficient
- 5 - Efficient
- Don't know / no opinion / not applicable

Please explain your answer to question 8 and provide a comparison of cost efficiency of direct and indirect connection:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

From an industry association standpoint, we could not provide practical experience from our members in this regard.

Question 9. Are there any barriers to the use of technology-based solutions that contribute to achieving higher levels of connection?

- Yes
- No
- Don't know / no opinion / not applicable

Question 10. Are you aware of instances where intermediaries charge their clients higher fees for executing clients' orders on a trading venue in a Member State that is different from the Member State of the intermediary?

- Yes
- No
- Don't know / no opinion / not applicable

Please specify where any of this could also be relevant in the context of the same Member State with multiple trading venues.

Please provide detail on costs incurred by intermediaries of establishing multiple connections to trading venues

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 11. Are there any barriers that may limit the possibility for trading venues to offer trading in financial instruments that have been initially admitted to trading on another trading venue?

Please reply differentiating by type of trading venue:

	Yes	No	Don't know - No opinion - Not applicable
Regulated markets	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
MTF	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
SME Growth Markets	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Question 11.1 Please select one or more of the following options that would explain such situation:

Please select as many answers as you like

- Market practices pertaining to investment firms
- Market practices pertaining to trading venues
- Market practices pertaining to CSDs
- Barriers linked to interoperability between CCPs
- Supervisory practices
- Other barriers (including legal barriers at EU level, legal barriers at national level, tax).

Please specify to what other barriers you refer in your answer to question 11.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While we have answered "Yes" in Q11 above, we would like to qualify our response as follows:
The listing rules and requirements as per local legal framework do not permit a listing on one market and a trading on another. For every trading on a local market, the security needs to be listed on that local market.

Please explain your answer to question 11.1.

In case of legal barriers, please indicate the relevant provisions and what legislative measures you would recommend to solve this issue.

Please provide concrete examples, and where possible estimates of costs:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The listing rules and requirements as per local legal framework do not permit a listing on one market and a trading on another. For every trading on a local market, the security needs to be listed on that local market.

Focus on ETFs

Question 12. How would you rate the impact of multiple ETF listings in the EU on the attractiveness of the market in comparison to other third-country markets?

- 1 - Very negative
-

- 2 - Rather negative
- 3 - Slightly negative impact
- 4 - Rather positive
- 5 - Very positive
- Don't know / no opinion / not applicable

Question 13. In your view, which of the following are the most relevant drivers for multiple listings of ETFs in the EU?

Please select as many answers as you like

- Market practices pertaining to investment firms (e.g. lack of direct connection to venues situated in a different Member State than the one where the investment firm is located)
- Market practices pertaining to trading venues
- Market practices pertaining to CSDs
- Barriers linked to interoperability between CCPs
- Supervisory practices
- Other barriers (including legal barriers at EU level, legal barriers at national level, tax)

Please explain your answer to question 13. and provide concrete examples, and where possible estimates of costs.

In case of legal barriers to a more integrated trading landscape for ETFs leading to necessary multiple listings, please indicate the relevant provisions and what legislative measures you would recommend to solve this issue:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Some stock exchanges do not allow trading in multiple currencies; as consequence additional listings may be required to serve clients with a preference for a particular currency (e.g. USD).
ETF issuers opt for multiple listings in the EU to address the diverse preferences of investors across the EU (different currencies, and different distribution options).
The lack of interoperability between CSDs make it difficult for market participants to achieve seamless trading and settlement across different jurisdictions. The future real-time pre-trade consolidated tape will foster market integration for the benefit of end-investors.
The relevant provisions are found in the local rules and regulations of every Member State, thus a very exhaustive list.

Means to improve the consolidation of liquidity through better interconnections

Question 14. In your view, should any intermediary offer its clients the possibility to trade, on any EU regulated market, MTF and SME growth market , in all shares and ETFs admitted to trading in the EU?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your reasoning for your answer to question 14 and provide where possible estimates of costs and benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In light of the EU trading landscape, it is not economically feasible for an intermediary (we understand a distributor / marketing entity) to be connected to all EU trading venue. Each connection represents fixed operational costs. Brokers are already connected to the main trading venues.

Question 14.1. Please specify if your answer would change if:

	Yes my answer would change	No my answer would not change	Don't know / No opinion
the scope of instruments was limited to only a subset of those shares and ETFs that an intermediary offers for trading to its clients, based on certain characteristics (e.g. market capitalisation above a certain threshold)	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
the scope of trading venues was limited to only a subset of trading venues (e.g. only EU regulated markets and MTFs having a significant cross-border dimension)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 14.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

If we understand that intermediary equals distributor / marketing entity, it is economically not feasible to ask them to connect all possible trading venues but they should their clients the possibility to buy/sell any ETF share traded somewhere in the EU.
The topic at question is the trading instructions, not the product traded.

Question 14.2. Do you believe any intermediary should ensure, in relation to those shares and ETFs it offers for trading to its clients, the possibility to trade such shares and ETFs on any EU regulated market, MTF and SME growth market?

To note, while the previous question concerned all shares and ETFs admitted to trading in the EU, this question limits the scope of instruments considered to those the intermediary decides to offer for trading to its clients.

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your reasoning for your answer to question 14.2 and provide where possible estimates of costs and benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Same reasons as above. Intermediaries especially Authorised Participants should not be obliged to choose a particular trading route. Distributors should remain free to select their trading venue.

Question 14.2.1. Please specify if your answer would change if:

	Yes my answer would change	No my answer would not change	Don't know / No opinion
the scope of instruments was limited to only a subset of those shares and ETFs that an intermediary offers for trading to its clients, based on certain characteristics (e.g. market capitalisation above a certain threshold)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
the scope of trading venues was limited to only a subset of trading venues (e.g. only EU regulated markets and MTFs having a significant cross-border dimension)	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answers to question 14.2.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 14.3. Intermediaries may offer their clients the possibility to trade either directly by executing the orders, or indirectly, i.e. through another intermediary

Would a direct, indirect or mixed model be the most appropriate?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain under which conditions and provide an estimation of the expected costs and benefits for the selected model:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Flexibility in the execution of orders should prevail.

Question 15. Do you believe that intermediaries could improve clients' access to liquidity across the EU by using Smart Order Routing or other similar technologies?

- Yes
- No
- Don't know / no opinion / not applicable

What would be the potential costs associated with it and what are the most useful/promising technologies in your view?

Please explain:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There are minimum fixed operational costs linked to these new technologies (licenses, formats, cut-offs).

Question 16. Beyond membership and execution fees, trading venues may charge connection fees.

To the extent this information is available to you, could you provide figures on the amounts charged by individual trading venues or types of trading venues (e.g. regulated markets, MTFs, etc.)?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

From a trade association perspective, we are not in a capacity to answer this question on detailed costs.

Question 17 Increased access to financial instruments on a cross-border basis can also be ensured by improving the interconnection between all relevant EU regulated markets and MTFs.

To that end, would you consider important to ensure an increased level of interconnection between trading venues in the EU?

- Yes
- Yes, provided it is funded/co-funded by public funds
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 17:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would be in favour of leaving the choice of the option to each EU regulated market and MTF. In addition, and within the options considered by the Commission in this question, we may see merit in limiting the options to only a subset of regulated markets/MTFs (e.g. MTFs with a cross-border dimension), for we consider Regulated markets/MTFs should not be compelled to implement non-essential extra-

processes.

Eventually, we would like to highlight the following post-trade challenge: Increased connection between Trading Venues will complexify post-trade operations.

Question 18. Which of the options referred to in questions 14 and 14.1 (better access to trading venues by intermediaries – option A) and question 17 (increased interconnection between trading venues – option B) would better achieve the following objectives?

	Option A (increased interconnection between trading venues)	Option B (better access to trading venues by intermediaries)	Don't know / No opinion
Increasing the level of liquidity for shares and ETFs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Improving the quality of execution	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Increasing the speed of execution	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Reducing the cost of execution for clients	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Delivering a more efficient EU trading landscape	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please explain your answer to question 18:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The objectives will be better achieved by increasing the connections at the more upstream part of the chain (at intermediaries' level). Proper functioning of interconnection between trading cannot be guaranteed.

Question 19. In other jurisdictions, notably the US, an increased level of interconnection at the level of trading venues resulted from the application of the ‘order protection rule’ ([Rule 611 of the Regulation National Market System](#)) that established intermarket protection against trade-throughs for certain shares.

Do you have any experience with this rule?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 20. Where implemented, the order protection rules required technological adaptations, so to allow the swift rerouting of the orders.

What is your assessment of the ability of the current state of connections among trading venues in the EU to cater for the rerouting of orders to venues offering the best price, as required by the order protection rule in the US?

- 1 - Insufficient
- 2 - Rather insufficient
- 3 - Neutral
- 4 - Rather adequate
- 5 - Fully adequate
- Don't know / no opinion / not applicable

Please explain your answer to question 20:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 21. Do you consider that geographical dispersion of EU trading venues would pose issues to an effective implementation of similar rules?

- Yes

- No
- Don't know / no opinion / not applicable

Please explain your answer to question 21:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 22. If the current set-up does not allow for it, what are in your view the necessary arrangements to allow for sufficiently fast connections, and what would be the associated costs?

Please provide cost estimates where possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N/A

Question 23. Crypto-markets have seen the emergence of a market architecture whereby retail investors have direct access to a crypto-asset trading venue.

Do you see merit in allowing or promoting the direct access of retail participants to trading venues for financial instruments, without an intermediary?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain the advantages and disadvantages of such a model, as well as the risks and how they could be mitigated:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Such set up, of a market architecture whereby retail investors have direct access to a crypto-asset trading venue, is an exception of the DLT pilot regime.

We would consider the advantages of such a model include:

1. Offering easier access to investors to a variety of investment products, allowing them to diversify their portfolios, in the case of self-managed portfolios. In this respect, a minimum level of financial literacy is therefore required on the investors' side, to be able to self-manage their portfolios.
2. Instant order execution in a DLT model is another advantage. In particular in the case of on-chain DVP.
3. Immutability of the investment is also an advantage. Meanwhile, such features are keeping actors from the possibility to revert their order (i.e. they may also be viewed as an operational challenge).

Risks: we would be of the view the risks to consider would be similar to those mentioned in MiFIR (in particular, with regards to suitability of the investment to the investors' risk appetite and profile).

2.4. Ensuring fair access to market infrastructure to foster deep and liquid EU-wide markets

Question 24. What is your assessment of the effect of the removal of exchange-traded derivatives from the so-called 'open access' to CCPs and trading venues provision under Articles 35 and 36 of the reviewed MiFIR?

Please include elements in terms of costs of trading and clearing, depth of market, switch to OTC.

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ALFI supports the open access provisions as they represent a modular manner to provide fair access and ensure competition in the trading venue and CCP space. Hence, we regret the removal of ETDs from the open access provisions.

Question 25. What is your assessment of the effectiveness of the open access provisions under Articles 35 and 36 of the reviewed MiFIR on other financial instruments, notably equity?

- 1 - Not at all functioning
- 2 - Not functioning very well
- 3 - Functioning well

- 3 - Neutral
- 4 - Functioning quite well
- 5 - Perfectly functioning
- Don't know / no opinion / not applicable

Please explain your answer to question 25:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Open access prevents the constitution of market dominant players keeping clients captive with all the range of possible trading and post-trading offer (market data, FX, issuance, trading, collateral exchange, clearing, settlement).

Question 26. Have you identified any barriers to the proper functioning open access provisions under Articles 35 and 36 of the reviewed MiFIR?

- Yes
- No
- Don't know / no opinion / not applicable

Please specify such barriers and, where appropriate, suggest the necessary legislative amendments to address them:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In a post-Brexit landscape, the open access provisions are less effective because UK actors are not eligible to the measure (except those benefiting from the CCP temporary equivalence under EMIR).

Question 27. Have you identified other barriers in terms of fair access relating to trading infrastructure, beyond those addressed under Articles 35 and 36 of the reviewed MiFIR?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 27:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.5. Enhanced quality of execution through deeper markets

Question 28. When the same financial instrument is traded on multiple execution venues, the best execution rule plays a key role. The rule seeks to protect investors, ensuring the best possible result for them, while also enhancing the efficiency of markets by channelling liquidity towards the most efficient venues.

What is your assessment of the effectiveness of the best execution rules in the EU?

- 1 - Insufficient
- 2 - Rather insufficient
- 3 - Neutral
- 4 - Rather efficient
- 5 - Fully efficient
- Don't know / no opinion / not applicable

Please explain your answer to question 28:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The entry into force of MiFID II rules, including transaction reporting has significantly enhanced best execution practices.

Question 29. There are important differences between best execution rules in the EU and in the US. In particular, in the EU, the obligation to obtain the best possible result for the clients lies on the intermediary. In the US, the quality of execution is guaranteed also through the aforementioned “order protection rule” that prevents trading venues from executing orders if a better execution price can be found on another exchange.

Which of the following options would most accurately reflect your assessment of the best execution framework in the EU vis-à-vis the US?

- The EU framework is better suited than the US framework to obtain the best results for clients
- The US framework is better suited than the EU framework to obtain the best results for clients
- Both models are equally effective
- Both models are equally ineffective
- Don't know / no opinion / not applicable

Please explain your answer to question 29:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 30. For equity instruments, the consolidated tape will disclose the European Best Bid Best Offer (EBBO) in an anonymised form. The tape will allow to have increased and integrated visibility on the different pools of liquidity available.

How effective would lifting the anonymity of the EBBO be in achieving the following objectives?

	1 (not at all effective)	2 (rather not effective)	3 (neutral)	4 (rather effective)	5 (highly effective)	Don't know - No opinion - Not applicable
Improving the ability of investment firms to assess the quality of execution	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Ensuring a more integrated market whereby investment firms are able to direct their order to the most efficient options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Contributing to the efficiency of the price formation mechanism	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 30, providing a cost/benefit assessment:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Anonymized EBBO does not provide the information and detail required for effective decision-making. Asset managers need attributed pre-trade data to assess the source of liquidity and the behaviour of different trading venues. While anonymized EBBO provides a basic view of the best bid and offer, it does not offer insights onto specific venues offering liquidity and best prices. This information is crucial for optimizing trading strategies. Without attributed data, market participants cannot fully assess the quality of execution across different venues.

Question 31. For equity instruments, the consolidated tape will disclose the EBBO only in relation to one layer of quotes (i.e., show only the best bid and offer, but not the second, third, etc.).

How important do you deem expanding the depth of the EBBO displayed by the equity tape?

- 1 - Not needed
- 2 - Not really needed
- 3 - Neutral
- 4 - Rather needed
- 5 - Essential
- Don't know / no opinion / not applicable

Please explain your answer to question 31, providing a cost/benefit assessment:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

For the EU consolidated tape, including 5 layers of data, on the pre-trade consolidated tape is essential for providing a comprehensive view of market liquidity and enhancing trading strategies. Depth of book data allows market participants to see beyond the best bid and offer prices, giving them insight into the available liquidity at various price levels. This information is crucial for advanced trading strategies, such as order routing, liquidity analysis, and algorithmic trading, as it supports more granular decision-making and helps traders optimize their execution strategies. This is particularly important for ETFs, as they often trade on multiple venues and have varying liquidity profiles.

Question 32. Under the current MiFIR, the speed at which core market data is disseminated by the equity consolidated tape is not regulated.

How important do you deem defining in legislation the speed at which core market data should be disseminated by the equity consolidated tape?

- 1 - Not needed
- 2 - Not really needed
- 3 - Neutral
- 4 - Rather needed
- 5 - Essential
- Don't know / no opinion / not applicable

Please explain your answer to question 32, specifying what should be the adequate speed:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Reflecting the industry consensus, we believe the equity/ETF consolidated tape should be updated under a frequency of 100 milliseconds. This speed would comply with the trading strategies and best execution constraints.

Question 33. Which of the following options reflects your assessment of the impact on the consolidated tape of requiring systematic internalisers to contribute to the equity pre-trade consolidated tape?

- It would improve the quality of the data displayed by the tape
- It would reduce the quality of the data displayed by the tape, also considering that systematic internalisers, under certain conditions, can trade at prices that are better than the quoted prices
- It would be irrelevant
- Don't know / no opinion / not applicable

Please explain your answer to question 33:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Systematic internalisers should be required to share their quotes with the Consolidated Tape, even if these quotes may not be available to all market participants. More complete data would allow asset managers to challenge their brokers and request that they are connected to more trading venues and liquidity providers. These mechanisms will improve the best execution practices and hence benefit to end-investors.

Question 34. Which amendments to their regulatory framework would be required to effectively include systemic internalisers as contributors of equity pre-trade data?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 34.1. Are there other hurdles (e.g. technical)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 34.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Corresponding amendments could be mentioned in MiFIR.

2.6. Building quality liquidity for EU market participants: impact of recent trends

2.6.1. Non-transparent ('dark') trading (for equity instruments)

Question 35. The EU's trading landscape is witnessing a decrease of lit order book equity trading (i.e. order book trading with pre-trade transparency).

In your view, what are the main reasons that explain such a trend?

Please select as many answers as you like

- Regulation
- Liquidity fragmentation
- Order flow competition (e.g. development of EMS/OMS)
- Technological developments (e.g. algorithmic trading/HFT)
- Surge in ETFs and passive management
- Other

Please explain your answer to question 35:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 36. What is your assessment of the impact of the current levels of dark trading in the EU on orderly markets and sound price discovery?

- 1 - Too low to harm price formation
- 2 - Sufficiently low to hardly harm price formation
- 3 - Neutral
- 4 - Slightly excessive and harmful for price formation
- 5 - Excessive and very harmful for price formation
- Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 36:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 37. In your view, how does a more sophisticated use of equity waivers by trading venues (i.e. the design of equity waivers is becoming more complex) affect the business model of these trading venues vis-à-vis bilateral trading systems?

Please explain your reasoning:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 38. Do you believe that the existing provisions on the reference price waiver (RPW) are fit for purpose?

- Yes
- No
- Don't know / no opinion / not applicable

Question 39. Do you agree with the current criteria to determine the reference price?

- Yes
- No
- Don't know / no opinion / not applicable

Question 40. Do you believe that the existing provisions on the negotiated trade waiver (NTW) are fit for purpose?

- Yes
- No
- Don't know / no opinion / not applicable

Question 41. The current state of EU legislation does not allow a trading venue to benefit from the negotiated price waiver for negotiated transactions that take place with the assistance of a system or trading protocol operated by the trading venue. This is in contrast to current trends observed in other jurisdictions (for example, in the United States, where “multilateral percentage of volume” or “trajectory crossing” venues are allowed).

Do you think that trading venues should be allowed to use the negotiated price waiver to execute negotiated transactions that take place with the assistance of a system or trading protocol operated by the trading venue?

- Yes
- No
- Don't know / no opinion / not applicable

Question 42. Do you think that the existing provisions on the order management facility waiver (OMFW) are fit for purpose?

- Yes
- No
- Don't know / no opinion / not applicable

Closing auctions

Question 43. In your view, what are the main reasons that explain the rising importance of closing auctions?

Please select as many answers as you like

- Rise of index investing/passive management
- Growing use of quantitative investment strategies benchmarked to the close
- Increased emphasis on best execution under MiFID II
- Move away/protection from HFTs
- Other

Please explain the reasoning of your answer to question 43:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Asset managers, utilize closing auctions as they provide predictability, certainty and lower speed. An important driver of flows into closing auctions comes from passive investment (ETFs) where the official closing price is key.

Question 44. What is your assessment of the current level of competition on closing auctions, including between trading venues that offer trading for the same financial instrument?

- 1 - No competition
- 2 - Low level of competition
- 3 - Neutral
- 4 - High level of competition
- 5 - Very high level of competition
- Don't know / no opinion / not applicable

Question 45. What is your assessment of the level of fees charged by trading venues for orders submitted during a closing auction, compared to any other time of the trading day?

- 1 - Very low
- 2 - Rather low
- 3 - Neutral
- 4 - Rather high
- 5 - Excessive
- Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 45, in particular as regards the potential impact of these costs on the attractiveness of EU capital markets, should the concentration of trading in closing auctions continue to increase:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 45.1. Do you believe that measures should be taken to reduce costs for investors?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 45.1, specifying what would these measures be:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 46. Have you identified other challenges linked to the raising importance of closing auctions?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 46, specifying what these challenges are:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 46.1. Have you identified other measures to be taken to address such challenges?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 46.1, specifying what these other

measures are:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

24-hour trading

Question 47. How positive do you deem extended trading hours / 24-hour trading for the development and competitiveness of EU markets?

- 1 - Not significantly positive
- 2 - Slightly positive
- 3 - Sufficiently positive
- 4 - Very positive
- 5 - Extremely positive
- Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 47:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Some markets in the US have already launched or are in the process of offering 24/7 trading. This trend is amplified by DLT capabilities already demonstrated in crypto exchanges where we find instantaneous settlement and automation (see more detailed comments below). There will necessarily be some adaptation /investment required by the buy-side for instance, in running trading desks on windows like from 8am till 10pm during business days (i.e. closure during week-ends and bank holidays), or meeting margin calls over a 24-hour period. Another impact on asset managers would be on the daily NAV calculation cut-off, potentially being complicated by continuous price volatility.

Extension of trading hours, up to 24-hours trading for instance, especially in the context of transactions via the DLT would be received positively. From a market and buy-side standpoint, we would confirm that extended trading hours are expected by clients and investors. Nevertheless, extending trading hours would require, as a mandatory pre-requisite, that all processes and controls surrounding trading be integrated in fully automatized processes. An extension by a few hours would already be a good step.

Specific risks would need to be mitigated, in the case of implementing a capacity to 24/7 trading. E.g. with regards to investment compliance, challenges may occur in monitoring investment compliance and restrictions and complying with labour law, based on the current processes in place in the industry.

We would be of the view that a gradual implementation may be required, carrying thorough risk assessments along the way, in order to mitigate operational risks and other subsequent related risks derived from extended trading hours.

Question 48. How advantageous or risky do you deem extended trading hours /24-hour trading for the orderly functioning of EU capital markets?

- 1 - Very advantageous
- 2 - Rather advantageous
- 3 - Neutral
- 4 - Rather risky
- 5 - Highly risky
- Don't know / no opinion / not applicable

Please explain what these advantages are:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

For traditional exchanges, as there is currently no detailed discussion on such move, it is difficult to share a cost/benefit analysis.

As explained in our response to Q47 above, should fully automatized control processes be in place, extended hours trading would appear more advantageous.

An ad hoc analysis will be necessary to assess the implied operational process transformation in the fields outside the pure trading space (Portfolio management, investment compliance, middle-office, transfer agency and fund accounting). From a pure clients' / investors' perspective, there is definitely a demand in this regard, as such extended trading hours would be seen as an advantage with regards to the flexibility it offers.

As described above, we consider that substantial advantages exist.

This being said, from a business / risk management perspective, specific risks remain to consider. From an operational risk standpoint, the control systems in place would need to have reached the required maturity and automation level, to ensure 24/7 robustness, redundancy, high-availability, and continuity as required to comply with the reliability and resilience standards and requirements.

From an investor's suitability perspective, and considering the appetite of the market for opportunities towards extended trading hours, we would see merit in replicating some elements of MiFIR, while taking into account some elements specific to the technology.

Moreover, we would advise such extended-hours trading implementation to be carried based on the result of a prior thorough cost / benefit analysis. We consider such cost/benefit analysis is a prerequisite for a large-scale adoption going forward, and therefore should be conducted prior to implementing such extended hours of trading. In particular, we welcome the Commission's initiative to be including, in the assessment, the specific risks and the subsequent requirements for enhanced automation, systems implementation, etc. As a reference, we would advise such cost/benefit analysis exercise would be similar, to the one conducted prior to the implementation of T+1 settlement.

Eventually, we would like to consider whether, in the functioning of EU capital markets, 24/7 trading would

be creating additional risk with regards to market stability and integrity of the EU capital market. We consider that based on the current systems and operational processes, there are undoubtedly requirements to implement more robust processes to mitigate the risks associated to extended trading hours (towards 24/7). Meanwhile, we are of the view that implementing the DLT and transactions via the blockchain in a robust technological environment will definitely constitute an advantage. Such DLT-based processes will facilitate the emergence of new use cases, new investments, that were not possible up to then.

Question 49. In your view, do the advantages of extended / 24h trading outweigh the potential risks?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 49:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would kindly refer to our response to Q48 above.

The role of multilateral vis-à-vis bilateral trading

Question 50. Based on the current legal framework, and considering developments in technology and market practices (including the development of smart order routing systems), is the dividing line between multilateral trading facilities and bilateral trading sufficiently clear?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 50 and provide concrete examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 51. In your view, what are the benefits stemming from competition between bilateral and multilateral execution venues?

Please explain your reasoning and differentiate between different categories of clients (professional investors vs retail investors)?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 52. In your view, what are the main drawbacks stemming from competition between bilateral and multilateral execution venues?

Please explain your reasoning and differentiate between different categories of clients (professional investors vs retail investors)?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 53. In your view, do benefits stemming from competition between bilateral and multilateral execution venues outweigh the associated drawbacks?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain the reasoning of your answer to question 53 and differentiate between different categories of clients (professional investors vs retail investors):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 54. Does the emergence of DLT-based/tokenised asset markets bring in a new element or dynamic, compared to bilateral versus multilateral venues?

- Yes
- No
- Don't know / no opinion / not applicable

Question 54.1 Should our regulatory framework be adapted to reflect this change?

- Yes
- No
- Don't know / no opinion / not applicable

2.6.2. Single market maker venues

Question 55. In your view, what are the main benefits and drawbacks associated with so-called “single market maker venues” (i.e. where the venue operator limits market making to one participant)?

Please explain your reasoning, in particular when it comes to quality of execution:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 56. Are you aware of any existing practices that may restrict the presence of multiple market makers/liquidity providers on these venues?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 56 and provide concrete examples and specific restrictions or costs obstacles:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.6.3. Ghost liquidity

Question 57. Market developments have led to changes in the order submission strategy by certain high frequency traders, such as the submission of more orders than the amount that is really intended to be executed. This may imply that 'consolidated' liquidity (measured as the simple aggregate of a given financial instrument available across all trading venues) is likely to be an overstatement of the actual liquidity that an average trader can access. The difference between measured liquidity and tradeable liquidity is often referred to as 'Ghost Liquidity'.

Do you believe that practices associated with Ghost Liquidity are conducive to adequate levels and 'quality' of liquidity and price formation on trading venues?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain the reasoning for your answer to question 57:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

2.7. Other issues on trading

Question 58. Please provide any further suggestions to improve the integration, competitiveness, simplification, and efficiency of trading in the EU.

Please provide supporting evidence for any suggestions:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

3. Post-trading

Issues with respect to post trading identified to date fall into three main areas:

- barriers to cross-border settlement
- barriers to the application of new technology and new market practices
- unharmonised and inefficient market practices and application of law, as well as disproportionate compliance costs.

This consultation aims to further specify the above barriers, as well as understand current market practices and costs borne by market participants, be they fees or other compliance costs. This section seeks feedback on possible measures, legislative or non-legislative, to achieve more integrated, modern post-trading infrastructures. Respondents are asked to provide concrete examples to support answers provided, and, where possible, quantitative and qualitative information.

3.1. Barriers to cross-border settlement and other CSD services

3.1.1. Cross-border provision of CSD services and freedom of issuance

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 1. What are the main barriers to the provision of cross-border CSD services in the EU and to freedom of issuance in any CSD in the EU?

Please select as many answers as you like

- procedures mandated by EU or national laws (e.g. passporting)
- other legal or regulatory requirements (national or EU)
- lack of clarity and/or complexity on the applicable legal or regulatory framework (national or EU)
- supervisory practice (national or EU)
- market practice (national or EU)
- operational requirements (national or EU)
- differences in national legal, regulatory or operational requirements
- technical/technological aspects
- language
- Other

Please explain the reasoning for your answer to question 1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Interoperability between CSD differs between the two ICSDs and the other CSD. The CSD EU landscape is quite fragmented with 31 operators.
The other barriers on the above described market fragmentation relates to EPTF BARRIER 4 where we see inconsistent application of asset segregation rules for securities accounts.

Question 2. Are there barriers to the freedom of issuance in the EU (e.g. requirements to use domestic CSDs for issuance/immobilisation /dematerialisation of securities, requirements in the corporate or similar law of the Member State under which the securities are constituted)?

- Yes
- No
- Don't know / no opinion / not applicable

Please justify your answer to question 2, in particular identifying potential risks:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 3. Are there barriers to cross-border asset servicing and processing of corporate actions, e.g. how Member States compile the list of key relevant provisions of their corporate or similar law, which apply in the context of cross-border issuance (Article 49, [Central Securities Depositories Regulation \(CSDR\)](#))?

- Yes
- No
- Don't know / no opinion / not applicable

How many barriers to cross-border asset servicing and processing have you identified?

- 1 barrier
- 2 barriers
- 3 barriers

Barrier 1 - Cross-border asset servicing and processing

	Describe barrier 1 to cross-border asset servicing and processing
Explanation of the barrier	Rules differ from one Member State to another (determination dates)
Reason(s) why it is a barrier	
Specific legal requirement(s) that create(s) the barrier, if relevant (national or EU level)	
Supervisory or market practice(s) (national or EU level) that create the barrier, if relevant	
Operational requirements that create the barrier (national or EU level)	
Technical/technological aspect(s) related to the barrier, if relevant	
Member State(s) in which the barrier exists, if relevant	
Estimation of the costs of the barrier	

Potential solution(s) to remove or lower the barrier, **in descending order of importance**

Suggestions for solutions can include for instance legislative changes (specifying which changes are being suggested), use of supervisory convergence tools (specifying which tools are being suggested), centralised EU supervision, adoption of market practice(s).

Data on the potential costs and benefits of the suggested solution(s)

Assess the priority level for addressing barrier 1 to cross-border asset servicing and processing:

- High priority
 - Medium priority
 - Low priority
 - Don't know / no opinion / not applicable
-

Question 4. Are there barriers stemming from national laws, regulatory /supervisory or operational requirements?

For example:

- setting out **restrictions for the place of settlement** for primary or secondary market transactions
 - preventing securities issued by entities from **other EU Member States** from being issued, maintained or settled in the national CSD
 - imposing **additional requirements on CSDs**, established in another Member State, wishing to provide services to national issuers and/or participants)
- Yes
 - No
 - Don't know / no opinion / not applicable

Please justify your answer to question 4, in particular identifying potential risks:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 5. Are there any additional barriers to the provision of cross-border CSD services which are not mentioned above?

- Yes

- No
- Don't know / no opinion / not applicable

Please justify your answer to question 5, in particular identifying potential risks:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

3.1.2. Links

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 6. What are the main barriers to building an efficient network of links between EU CSDs?

Please select as many answers as you like

- legal or regulatory requirements (or lack thereof)
- fiscal requirements
- supervisory practice
- market practice
- operational requirements
- differences in national legal, regulatory or operational requirements
- technical/technological aspects
- other

Barrier due to operational requirements - Links

	Describe the barrier due to operational requirements
Explanation of the barrier	Interoperability between CSD differs between the two ICSDs and the other CSD. While ICSDs can exchange information between the two of them, the rest of the CSDs have to exchange information on a 1-to-n mode without centralized hub.
Reason(s) why it is a barrier	The CSD EU landscape is quite fragmented with 31 operators.
Specific legal requirement(s) that create(s) the barrier, if relevant (national or EU level)	
Supervisory or market practice(s) (national or EU level) that create the barrier, if relevant	
Operational requirements that create the barrier (national or EU level)	
Technical/technological aspect(s) related to the barrier, if relevant	
Member State(s) in which the barrier exists, if relevant	
Estimation of the costs of the barrier and an explanation of how these costs could be reduced	

Potential solution(s) to remove or lower the barrier, **in descending order of importance**

Suggestions for solutions can include for instance legislative changes (specifying which changes are being suggested), use of supervisory convergence tools (specifying which tools are being suggested), centralised EU supervision, adoption of market practice(s).

Data on the potential costs and benefits of the suggested solution(s)

Assess the priority level for addressing the barrier due to operational requirements:

- High priority
- Medium priority
- Low priority
- Don't know / no opinion / not applicable

Barrier due to technical/technological aspects - Links

	Describe the barrier due to technical /technological aspects
Explanation of the barrier	
Reason(s) why it is a barrier	
Specific legal requirement(s) that create(s) the barrier, if relevant (national or EU level)	
Supervisory or market practice(s) (national or EU level) that create the barrier, if relevant	
Operational requirements that create the barrier (national or EU level)	
Technical/technological aspect(s) related to the barrier, if relevant	
Member State(s) in which the barrier exists, if relevant	
Estimation of the costs of the barrier and an explanation of how these costs could be reduced	

Potential solution(s) to remove or lower the barrier, **in descending order of importance**

Suggestions for solutions can include for instance legislative changes (specifying which changes are being suggested), use of supervisory convergence tools (specifying which tools are being suggested), centralised EU supervision, adoption of market practice(s).

Data on the potential costs and benefits of the suggested solution(s)

Assess the priority level for addressing the barrier due to technical /technological aspects:

- High priority
 - Medium priority
 - Low priority
 - Don't know / no opinion / not applicable
-

Question 7. Are there barriers related to the establishment of links?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 8. Are there barriers related to the maintenance of links?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 9. Are there barriers related to the classification (i.e. customised, standard indirect, interoperable) and/or whether they are unilateral or bilateral links?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 10. Are there barriers related to the improper use of existing links?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 11. Is the cost of settlement via links taken into account when negotiating securities transactions?

- Yes
-

No

- Don't know / no opinion / not applicable

Please justify your answer to question 11, in particular identifying potential risks:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 12. In view of the growing use of 'relayed links', does Art. 48, CSDR adequately capture current market practice?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 12:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 13. Is the use of relayed links creating barriers to cross-border settlement?

- Yes
- No
- Don't know / no opinion / not applicable

Question 14. Does the use of relayed links improve cross-border settlement?

- Yes
- No
-

Don't know / no opinion / not applicable

Please explain your answer to question 14:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 15. Who should be involved in the process for the authorisation of establishing a link as well as the ongoing supervision thereof?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 16. Should all links be standard links?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 16:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 17. Should all links be interoperable links?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 17:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 18. Should all links be bilateral?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 18:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 19. Should all CSDs be mandated to establish a minimum number of links with other EU CSDs?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 19:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 20. Should the comprehensive risk assessment for the validation of a link be carried out by ESMA?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 20:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 21. Are there any barriers or material challenges to the establishment of links between CSDs and other infrastructures?

- Yes
- No
- Don't know / no opinion / not applicable

Question 22. Have you had a request for a link refused?

- Yes
- No
- Don't know / no opinion / not applicable

3.1.3. Settlement services in the EU

Question 23. How could settlement in T2S be further enhanced in order to build a deeper and more integrated market in the EU and facilitate cross-CSD settlement?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 24. Should links between CSDs participating in T2S no longer be required to enable settlement in T2S in any of the financial instruments available in T2S?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 24:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 25. Are there any national market practices, laws, rules/regulations, or operational requirements which hinder the participation in T2S or cross-CSD settlement?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 25 and provide details:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 26. What can be done to ensure progress and take-up by T2S participants of already agreed harmonised standards and market practices (e.g. market standards for corporate actions, SCoRE corporate actions standards, T2S corporate action standards, other T2S harmonisation standards, other relevant global or European market standards and market practices)?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 27. Do you comply with the abovementioned standards and market practices (e.g. market standards for corporate actions, SCoRE corporate actions standards, T2S corporate action standards, other T2S harmonisation standards, other relevant global or European market standards and market practices)?

- Yes
- No
- Don't know / no opinion / not applicable

Question 28. Should T2S harmonisation standards be applied more widely across the EU, in order to create a more harmonised settlement environment across the EU?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 28:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 29. Should the costs of settlement be reduced?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 30. Should the transparency of settlement pricing and CSD services be improved (in substance and format), for example with a standard template that would facilitate comparison of prices and service offering?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 30:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 31. Should all CSDs settling the cash leg in Euro be required to connect to T2S?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 31:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

There should not be any obligation implying additional and unnecessary costs.

Question 32. Are there difficulties in accessing settlement in foreign currencies, not only in the T2S environment?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 33. Is there a need for additional currencies to be settled in T2S?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 33:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Yes, T2S should be opened to the same currencies as those used in CSDs.

Question 34. Should T2S be able to provide other CSD services, including issuance services and asset servicing services?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 34:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 35. What improvements (e.g. organisational, operational, contractual, etc.) could be introduced to T2S to support a broader and more resilient use of it?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

3.1.4. Legal certainty

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 36. Are there barriers from national legal or regulatory requirements that affect legal certainty of acquisitions and dispositions in financial instruments, or cash or cash equivalent cross-border?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 37. Does the law applicable to the assets and to the CSD influence a decision to acquire or dispose of financial instruments cross-border?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 38. Are there barriers for issuers to obtain legal certainty on the ownership of the securities issued in a CSD or any other registrar?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 39. Are there barriers for investors to obtain legal certainty on their rights and powers (e.g. ownership rights, rights in relation to corporate events) and for intermediaries to have legal certainty on their duties in relation to financial instruments, cash or cash equivalent, issued in /maintained in/settled by a CSD?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 40. Are there any barriers to pool assets from different jurisdictions?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 41. Are there barriers, e.g. due to the lack of certainty on the applicable law, to the cross-border provision of services (e.g. issuance or asset servicing) and/or use of services?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 42. Are there barriers to the cross-border provision or use of CSD services due to the lack of certainty on the applicable law?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 43. Are there barriers to pooling assets from different jurisdictions?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 44. Are there legal certainty barriers to the provision of cross-border asset servicing?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 45. Are there barriers stemming from national laws affecting the legal certainty of acquisitions and dispositions in financial instruments, or cash or cash equivalent?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 46. Are there new barriers that create legal uncertainty in the provision of issuance / maintenance / settlement services via new technologies (e.g. where bridges are used between different distributed ledgers in the issuing and minting process)?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 47. Is there a legal certainty barrier due to the absence of a conflict of law rule, related to proprietary, contractual and system-related aspects, under the CSDR (to complement those under the SFD/FCD etc.)?

- Yes
- No
- Don't know / no opinion / not applicable

Please justify your answer to question 47, in particular identifying potential risks:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

With regards to FCD, Luxembourg transposition of the Directive includes a conflict of Law rule, that is efficient in avoiding/ managing any conflict of Law.

We do not see any remaining such issue in this regard, in the transposition of the Directive among EU member states.

Question 48. Can the existing approach to conflict of laws under the SFD and the FCD be applied to DLT based networks/systems and collateral transactions?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 48:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are of the view this approach with regards to conflict of Law was implemented in the Blockchain Law I- to IV in Luxembourg in an appropriate manner, including in the application to DLT based networks/systems and collateral transactions.

Question 49.1. What is the preferred connecting factor in relation to proprietary aspects related to transactions on a DLT system?

Please select as many answers as you like

- The law chosen by the participants to a transaction
- The law chosen by the network participants
- The law of the legal entity operating the DLT-based system on which digital assets are recorded
- In relation to a digital asset of which there is an issuer, the domestic law of the State where the issuer is established
- The place of the relevant operating authority/administrator (PROPA)
- The primary residence of the encryption private master keyholder (PREMA)
- Other

Please specify to what other connecting factor(s) in relation to proprietary aspects you refer in your answer to question 49.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would like to highlight the following.

We would be highly in favor of the Law chosen by the participants to the transaction.

We would consider that network participants would not make sense, in the context of decentralized transactions including thousands of networks' participants around the world.

Basing our analysis on a parallel with bonds issuance, we would be of the view that there is no predominance of the Domestic Law of the issuer.

Legal entity operating the DLT-based system would only apply in the context of a private blockchain, while it would be irrelevant in the context of a public blockchain where there is no designated technology third-party provider

Question 49.2. What is the preferred connecting factor in relation to contractual aspects related to transactions on a DLT system?

Please select as many answers as you like

- The law chosen by the participants to a transaction
- The law chosen by the network participants
- The law of the legal entity operating the DLT-based system on which digital assets are recorded
- In relation to a digital asset of which there is an issuer, the domestic law of the State where the issuer is established
- The place of the relevant operating authority/administrator (PROPA)
- The primary residence of the encryption private master keyholder (PREMA)
- Other

Please specify to what other connecting factor(s) in relation to contractual aspects you refer in your answer to question 49.2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The approach should remain unchanged, in application of the principle of freedom to choose to contract. We do not see any specific distinction for crypto-assets in this regard.

Question 49.3. What is the preferred connecting factor in relation to system-related aspects related to transactions on a DLT system?

Please select as many answers as you like

- The law chosen by the participants to a transaction
- The law chosen by the network participants

- The law of the legal entity operating the DLT-based system on which digital assets are recorded
- In relation to a digital asset of which there is an issuer, the domestic law of the State where the issuer is established
- The place of the relevant operating authority/administrator (PROPA)
- The primary residence of the encryption private master keyholder (PREMA)
- Other

Please specify to what other connecting factor(s) in relation to system-related aspects you refer in your answer to question 49.3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

With regards to the connecting factor, we would be of the view that the law of the legal entity operating the DLT-based system on which digital assets are recorded, should prevail.

Meanwhile, in the absence of a given specific technology provider (i.e. public blockchain), the law chosen by the participants to a transaction would be an appropriate fall back alternative.

Question 49.4. Would the differences between permissioned and permissionless DLT systems, warrant different rules on conflict of laws)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 49.4:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As mentioned in our responses to questions 49,1, 49.2 and 49.3, in case of a permissionless DLT, you would face issues with identifying the country of the operator, as they might be scattered all over the world. In the context of a permissioned blockchain, operators are defined and localized.

The point is even more acute with regards to the distinction between a private blockchain, where you have a clearly identified technology service provider, as compared to a public blockchain, where there is no specific service provider associated to the technology service.

Question 50. Considering various new types of settlement assets (including tokenised central bank money, electronic money tokens and tokenised

commercial bank money) and the different nature of native (only created and represented on the DLT) and non-native (existing outside of the DLT) assets, should the same conflict of law rules apply to all these settlement assets?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 50:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would consider that, given the current lack of experimentation and volumes, we would not have any substantiated views to share.

Question 51. Are there any other barriers to legal certainty which are not mentioned above?

- Yes
- No
- Don't know / no opinion / not applicable

3.1.5. Barriers and other aspects under the SFD

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 52. What are the main barriers to the smooth operation of the settlement finality framework in the EU?

Please indicate how many barriers have you identified?

- 1 barrier
- 2 barriers
- 3 barriers

Please justify your answer to question 52, in particular identifying potential risks:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 53. Are there any aspects of the SFD that have created barriers for the market or market participants, in particular in a cross-border environment?

- Yes
- No
- Don't know / no opinion / not applicable

Question 54. Do the definitions, in particular the definition of a “system” and “transfer orders”, result in barriers related to the change in market practice in the set-up of systems as well as the use of DLT?

- Yes
- No
- Don't know / no opinion / not applicable

Question 55. Is SFD protection important for settlement systems, such as those based on DLT, that settle trades instantly and atomically, and not on a deferred net basis or in settlement batches?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 55:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

N/A

Question 56. Should settlement systems that achieve probabilistic (operational) settlement finality be designated and benefit from SFD protections?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 57. Are the criteria that need to be met for a system to be designated under the SFD creating unjustified barriers to entrance?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 58. Do diverging national practices for notifying systems create an uneven level playing field or legal uncertainty?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 59. For the purposes of designating a system under the SFD, are the current list of participants, the designation process and the focus on entities rather than on the service provided creating barriers for new entities to provide settlement services in a system designated under that Directive?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 60. Does the non-aligned definition of 'collateral security' (SFD) and 'financial collateral' (FCD) create complexities for efficient collateral management?

- Yes
- No

- Don't know / no opinion / not applicable

Please justify your answer to question 60, in particular identifying potential risks:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 61. Is there legal certainty on the scope of the settlement finality protection under SFD?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 61:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 62. Is the lack of harmonised settlement finality moments in SFD (i.e. leaving it to the rules of the system or national law) creating legal uncertainty and preventing the development of a single capital market?

- Yes
- No
- Don't know / no opinion / not applicable

Question 63. The SFD does not apply to third-country systems, however, Member States can extend the protections in the SFD to domestic institutions participating directly in third-country systems and to any relevant collateral security ('extension for third-country systems').

Is the lack of transparency related to Member States extending for third-country systems creating barriers to the provision of services in the single market or creating a non-level playing field for EU entities?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 64. Stakeholders have indicated they would like to have an overview of all participants in different SFD designated systems, e.g. shared on one website publicly accessible.

Is the lack of transparency related to the participants of designated systems creating barriers to the single market?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 65. Has the fact that SFD designation is not mandatory for all systemically important systems (except when mandated under Art. 2(1) and 2 (10) CSDR and Art. 17(4)(b) EMIR), including payment systems, created barriers to the single market?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 66. Are there any national barriers in relation to legal certainty arising from how the SFD is transposed in the Member States?

- Yes
- No
-

Don't know / no opinion / not applicable

Question 67. Some stakeholders suggested a centralised overview over the insolvency of participants of all SFD designated systems is needed, ie. published on a common centralised website.

Is a lack of transparency related to the insolvency of participants of designated systems creating barriers to the single market?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 68. Are there any other barriers created by the SFD which are not mentioned above?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 69. How should irrevocability of “reserved” or “booked” digital assets be achieved?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 70. Is the point in time when a disposition becomes irrevocable problematic to pinpoint in DLT-based settlement systems, and in particular those with probabilistic settlement?

- Yes

- No
- Don't know / no opinion / not applicable

Please explain your answer to question 70:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

3.2. Barriers to the application of new technology and new market practices

3.2.1. Applicability of the CSDR to DLT-based CSDs and the provision of services

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 71. Considering the core functions of a CSD, i.e. those of notary, central maintenance and settlement, is the current legal framework appropriate to mitigate and control risks that could arise from the use of DLT?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 71:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would agree that CSDR is an appropriate legal framework to mitigate and control risks associated to central settlement in general, and as applied to legacy technologies in particular.

This being said, the situation could be different with regards to risks specifically related to the use of new technology and therefore, the risks mitigation measures and processes need to be adjusted and reassessed with regards to the use of such technology.

In particular, we would like to highlight that, DLT-based transactions being highly technology-sensitive and technology-dependent, the applicable legal framework to such transactions should combine elements from the Digital Operational Resilience ACT (DORA), the Network and Information Systems regulation, along with CSRD, while ensuring regulatory consistency across the board.

Question 72. What are the main barriers in the EU framework to the use of DLT for the provision of CSD services, also in light of the experience gained through the DLTPR?

Please select as many answers as you like

- legal or regulatory requirements (or lack thereof)
- fiscal requirements
- supervisory practice
- market practice
- operational requirements
- differences in national legal, regulatory or operational requirements
- technical/technological aspects
- other

Barrier due to legal or regulatory requirements (or lack thereof) - Use of DLT for the provision of CSD services

	Describe the barrier due to legal or regulatory requirements (or lack thereof)
Explanation of the barrier	Administrative burden related to the application process (e.g. in the pilot regime)
Reason(s) why it is a barrier	Application is too long and costly process, to operate as a CSD and get licenced to do so
Specific legal requirement(s) that create(s) the barrier, if relevant (national or EU level)	DLT PR and CSD application requirements (heavier burden than the UK sandbox for instance)
Supervisory or market practice(s) (national or EU level) that create the barrier, if relevant	DLT PR and CSD application requirements
Operational requirements that create the barrier (national or EU level)	
Technical/technological aspect(s) related to the barrier, if relevant	
Member State(s) in which the barrier exists, if relevant	Not member-state specific but rather a European-wide requirement
Estimation of the costs of the barrier	

Potential solution(s) to remove or lower the barrier, in descending order of importance

Suggestions for solutions can include for instance legislative changes (specifying which changes are being suggested), use of supervisory convergence tools (specifying which tools are being suggested), centralised EU supervision, adoption of market practice(s).

Data on the potential costs and benefits of the suggested solution(s)

Proportionality principle applied to the application process.

Risk-based approach should be applied consistently

Adjustment of the DLT PR or embedding the DLT CSS in CSDR and MiFID, and removing the stand-alone DLT CSS

Assess the priority level for addressing the barrier due to legal or regulatory requirements (or lack thereof):

- High priority
- Medium priority
- Low priority
- Don't know / no opinion / not applicable

Barrier due to supervisory practice - Use of DLT for the provision of CSD services

	Describe the barrier due to supervisory practice
Explanation of the barrier	Similar to the Legal and Regulatory requirement above: Administrative burden related to the application process (e.g. in the pilot regime)
Reason(s) why it is a barrier	Application is too long and costly process, to operate as a CSD and get licenced to do so
Specific legal requirement(s) that create(s) the barrier, if relevant (national or EU level)	DLT PR and CSD application requirements (heavier burden than the UK sandbox for instance)
Supervisory or market practice(s) (national or EU level) that create the barrier, if relevant	DLT PR and CSD application requirements
Operational requirements that create the barrier (national or EU level)	
Technical/technological aspect(s) related to the barrier, if relevant	
Member State(s) in which the barrier exists, if relevant	Not member-state specific but rather a European-wide requirement
Estimation of the costs of the barrier	
Potential solution(s) to remove or lower the barrier, in descending order of importance	

Suggestions for solutions can include for instance legislative changes (specifying which changes are being suggested), use of supervisory convergence tools (specifying which tools are being suggested), centralised EU supervision, adoption of market practice(s).

Proportionality principle applied to the application process.

Risk-based approach should be applied consistently

Adjustment of the DLT PR or embedding the DLT CSS in CSDR and MiFID, and removing the stand-alone DLT CSS

Data on the potential costs and benefits of the suggested solution(s)

Assess the priority level for addressing the barrier due to supervisory practice:

- High priority
 - Medium priority
 - Low priority
 - Don't know / no opinion / not applicable
-

Question 73. Are there any legal barriers to ensure the integrity of the issue, segregation and custody requirements also in the context of DLT-based issuance and settlement?

- Yes
- No
- Don't know / no opinion / not applicable

How many barriers to ensure the integrity of the issue, segregation and custody requirements have you identified?

- 1 barrier
- 2 barriers
- 3 barriers

Barrier 1 - Integrity of the issue, segregation and custody requirements

	Describe barrier 1 to ensure the integrity of the issue, segregation and custody requirements
Explanation of the barrier	Lack of harmonisation between national regimes
Reason(s) why it is a barrier	The barrier is due to diverging interpretations across the EU members states, resulting in unlevelled playing field
Specific legal requirement(s) that create(s) the barrier, if relevant (national or EU level)	Local regulations
Supervisory or market practice(s) (national or EU level) that create the barrier, if relevant	Local supervisory practices favouring local branches
Operational requirements that create the barrier (national or EU level)	
Technical/technological aspect(s) related to the barrier, if relevant	
Member State(s) in which the barrier exists, if relevant	Germany is an example
Estimation of the costs of the barrier	

Potential solution(s) to remove or lower the barrier, in descending order of importance

Suggestions for solutions can include for instance legislative changes (specifying which changes are being suggested), use of supervisory convergence tools (specifying which tools are being suggested), centralised EU supervision, adoption of market practice(s).

Data on the potential costs and benefits of the suggested solution(s)

Greater harmonization among national regimes

As detailed in Section 6, and our response to Q4 and Q7 in particular, we would be in favour of the use of supervisory convergence tools, such as enhanced data sharing and cooperation between supervisory authorities. Preserving this decentralized expertise while improving coordination through existing tools such as Common Supervisory Actions and supervisory colleges would be beneficial.

Assess the priority level for addressing barrier 1 to ensure the integrity of the issue, segregation and custody requirements:

- High priority
- Medium priority
- Low priority
- Don't know / no opinion / not applicable

Barrier 2 - Integrity of the issue, segregation and custody requirements

	Describe barrier 2 to ensure the integrity of the issue, segregation and custody requirements
Explanation of the barrier	<p>Notion of financial instrument: there is not a uniformed framework throughout the Union. (The notion of financial instruments being defined in MiFID, which is transposed at local level with local interpretations. Therefore, the same divergences of interpretation will also exist in the notion of tokenised financial instruments, based on the concept of substance over form.</p> <p>In addition, crypto assets being qualified as such under MiCA RTS as not being financial instrument, the same lack of consistency may apply in the qualification of crypto-assets</p>
Reason(s) why it is a barrier	Such diverging interpretation create regulatory uncertainty and opportunities for forum shopping
Specific legal requirement(s) that create(s) the barrier, if relevant (national or EU level)	Local interpretations though the diverging transpositions of MiFID II
Supervisory or market practice(s) (national or EU level) that create the barrier, if relevant	Same as above
Operational requirements that create the barrier (national or EU level)	
Technical/technological aspect(s) related to the barrier, if relevant	
Member State(s) in which the barrier exists, if relevant	

<p>Estimation of the costs of the barrier</p>	
<p>Potential solution(s) to remove or lower the barrier, in descending order of importance</p> <p>Suggestions for solutions can include for instance legislative changes (specifying which changes are being suggested), use of supervisory convergence tools (specifying which tools are being suggested), centralised EU supervision, adoption of market practice(s).</p>	<p>Enhanced cooperation between local regulators and supervisory authorities, in view of creating a uniformly adopted definition of financial instruments</p>
<p>Data on the potential costs and benefits of the suggested solution(s)</p>	

Assess the priority level for addressing barrier 2 to ensure the integrity of the issue, segregation and custody requirements:

- High priority
 - Medium priority
 - Low priority
 - Don't know / no opinion / not applicable
-

Question 74. Does the definition of cash need to be refined to take into account technological developments affecting the provision of cash, in particular the emergence of tokenised central bank money, tokenised commercial bank money and electronic money tokens?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 75. Could the use of DLT help reduce the reporting burden?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 75:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 76. Would a per-service authorisation of CSD services, with compliance requirements proportionate to the risk of the individual service, make the CSDR more technologically neutral and contribute to removing barriers to adoption of new technologies, such as DLT?

- Yes
- No
-

Don't know / no opinion / not applicable

Please explain your answer to question 76:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 77. Are there any legal barriers for DLT service providers in providing trading, settlement and clearing in an integrated manner, within one entity?

- Yes
- No
- Don't know / no opinion / not applicable

Question 78. Are there any other barriers that you consider relevant for the DLT based provision of CSD services?

- Yes
- No
- Don't know / no opinion / not applicable

Question 79. In particular in permissionless blockchains, validators have the ability to choose which transactions to prioritise for validation and decide on the order of transaction settlement.

Can this feature negatively affect orderly settlement and how can it be mitigated?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 79:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 80. Does the emergence of DLT-based tokenised financial instruments require changes to the provision of CSD services or the requirement to use a CSD?

- Yes
- No
- Don't know / no opinion / not applicable

Question 81. Can certain functions normally assigned to or reserved for a CSD be safely, securely and effectively be performed by other market participants in a DLT environment?

- Yes
- No
- Don't know / no opinion / not applicable

Please specify which functions and which market participants, and state reasons:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The Luxembourg Blockchain IV Law offers a regulatory framework aiming at assigning specific functions, normally assigned to or reserved for a CSD, to be safely, securely and effectively be performed by other market participants (i.e. "Control Agent") in a DLT environment. We would be of the view such framework could be used as a reference in a similar European Regulatory framework.

3.2.2. Detailed questions on the applicability of the CSDR and SFD to DLT-based CSDs

Question 82. Are there barriers or concerns with the technological neutrality of the CSDR definitions listed below or any other definitions or concepts included in CSDR and SFD in particular in the context of DLT?

	1 (not a concern)	2 (rather not a concern)	3 (neutral)	4 (rather a concern)	5 (strong concern)	Don't know - No opinion - Not applicable
Central securities depository	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Securities settlement system	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Securities account	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Book entry form	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Dematerialised form	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Settlement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Delivery versus payment (DVP)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Any other definitions or concepts in CSDR and SFD	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 83. Would you have any concerns about the technological neutrality of the following CSDR rules?

	1 (not a concern)	2 (rather not a concern)	3 (neutral)	4 (rather a concern)	5 (strong concern)	Don't know - No opinion - Not applicable
Rules on measures to prevent settlement fails	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on measures to address settlement fails (e.g. cash penalties, monitoring and reporting settlement fails)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on organisational requirements for CSDs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on outsourcing of services or activities to a third party	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on communication procedures with market participants and other market infrastructures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on the protection of securities of participants and those of their clients	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules regarding the integrity of the issue and appropriate reconciliation measures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on cash settlement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on requirements for participation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on requirements for CSD links	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Rules on access between CSDs and access between a CSD and another market infrastructure	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Rules on legal risks, in particular as regards enforceability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Any other rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3.3. Barriers and other aspects under the FCD

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 84. What are the main barriers to the integration of EU markets and /or consolidation of financial market infrastructures related to the FCD?

How many barriers have you identified?

- 1 barrier
 - 2 barriers
 - 3 barriers
-

Question 85. Is there sufficient clarity regarding the use of tokenised assets as financial collateral in the context of financial collateral arrangements under the FCD?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 85:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 86. In the last FCD consultation, the addition re-insurers, alternative investment funds (AIF), institutions for occupational retirement provision (IORPs), crypto-asset service providers, all non-natural persons, non-financial market participants which regularly enter into physically or financially settled forward contracts for commodities or EU allowances (EUAs) was suggested by stakeholders. It was also asked if payment institutions, e-money institutions and CSDs should be added to the scope.

Please provide any views you may have of one or several of the suggested potential additional participants:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 87. Are there barriers related to the scope of the FCD (i.e. parties eligible as collateral taker and collateral provider, definition of financial collateral, definition of cash)?

- Yes
- No
- Don't know / no opinion / not applicable

Question 88. Do you see legal uncertainty related to the recognition of tokenised financial instruments as collateral under the FCD?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 88 and describe these uncertainties:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 89. Do the definitions and concepts in the FCD, including the notion of ‘possession and control’, ‘accounts’ and ‘book-entry’ result in barriers or legal uncertainty, e.g. due to the change in market practices, the use of DLT?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 89:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 90. Is the list of collateral providers and collateral takers limiting the applicability of the FCD in a detrimental manner for DLT-based financial collateral arrangements?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 90:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 91. Do you think that collateral other than cash, financial instruments and credit claims should be made eligible under the FCD, in particular in light of DLT based financial collateral arrangements?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 92. Do you see the need to change the current approach that only financial collateral arrangements should be protected where at least one of the parties is a public authority, central bank or financial institution?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 92:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 93. Is the non-aligned definition of 'collateral security' under the SFD and 'financial collateral' under the FCD creating barriers?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 94. Are the opt-out provisions for Member States creating any barriers to the single market?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 95. Have you encountered problems with the recognition /application of close-out netting provisions under the FCD (both national and cross-border)?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 96. As noted in the [Commission report on the review of SFD and FCD \(COM\(2023\)345 final\)](#), given the FCD deals primarily with financial collateral and only peripherally with netting (only as one of the methods that can be used to enforce collateral arrangements), do you consider that there is a need for further harmonisation of the treatment of contractual netting in general and close-out netting in particular?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 96:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 97. Are there any other barriers created by the FCD which are not mentioned above?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 98. If there is any other issues you would like to address regarding FCD financial collateral in a DLT environment, please describe them:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

3.4. Uneven/inefficient market practices and disproportionate compliance costs

3.4.1. Internalised settlement

Question 99. Does the current reporting obligation of internalised settlement allow for an accurate identification of the risks stemming from settlement outside of a CSD?

- Yes
- No
- Don't know / no opinion / not applicable

Question 99.4. What would be the cost implications of such additional reporting?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 100. Should settlement internalisers with very high internalised settlement activity (in terms of value and volume) be required to publish information on their internalised settlement activity including settlement fail rates (similar to the annual data on settlement fails published by CSDs)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 100:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 101. Would you identify additional risks other than operational and legal risks stemming from internalised settlement?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 101:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 102. Should some/all rules pertaining to settlement discipline and /or other CSDR requirements currently applicable to settlement at CSD level be also applicable to internalised settlement?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 102:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

3.4.2. Information sharing

Question 103. Is the role of the CSDR college as envisaged in CSDR refit sufficient to ensure efficient and complete information sharing between different authorities under CSDR?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 104. Are there barriers to information sharing between authorities and/or authorities/market participants that hinder the smooth provision of CSD services and the supervision thereof?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 105. Are there duplications and/or overlaps in the reporting requirements between national, European competent or relevant authorities?

- Yes
- No
- Don't know / no opinion / not applicable

3.4.3. Authorisation procedures

Question 106. Is the authorisation procedure for CSDs too long and/or burdensome?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 107. Is the procedure for the extension of CSD authorisation and for outsourcing of services and activities too long and/or burdensome?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 108. Is the procedure for the authorisation to provide banking ancillary services too long and/or burdensome?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 109. Are the current authorisation/supervisory approval processes under CSDR suitable, or could it benefit from some refinements/streamlining and/or clarifications?

- the current approval processes are suitable
- the current approval processes could benefit from some refinements /streamlining and/or clarifications
- Don't know / no opinion / not applicable

Please explain your answer to question 109.

If you consider that there is an issue, please clearly describe the issue, which legal, regulatory or operational requirements should be amended to resolve it, the solution(s) you have in mind to resolve it (including drafting suggestions, where possible), and the potential impact of the solution(s) you propose:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 110. Are the current authorisation processes/supervisory approval under CSDR creating legal barriers for (potential) new entrants wishing to provide CSD services?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 111. Do you consider that market participants, who provide only one core service (for example, notary, central maintenance or settlement) should be covered by some/all elements of CSDR?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 112. Could there be benefits to a tiered authorisation (i.e. per service) for CSDs being introduced, e.g. to enable the requirements to reflect the different nature of different core services?

- Yes
- No
- Don't know / no opinion / not applicable

3.5. Interaction between the CSDR and other EU legislation

Question 113. Are there are issues between the CSDR and other EU legislation?

- Yes
- No
- Don't know / no opinion / not applicable

3.6. Other issues on post-trading

Question 114. Other matters that could potentially contribute to removing barriers to the consolidation of post-trading infrastructure, to improving the EU's capital markets attractiveness while reducing fragmentation and to improving integration in post-trade services might also be important.

Please provide any further suggestions to improve the integration, competitiveness, and efficiency of post-trade services (including clearing and settlement) in the EU. Please provide supporting evidence for any suggestions:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

The maximum file size is 1 MB.

You can upload several files.

Only files of the type pdf,txt,doc,docx,odt,rtf are allowed

Useful links

[More on this consultation \(https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-integration-eu-capital-markets-2025_en\)](https://finance.ec.europa.eu/regulation-and-supervision/consultations-0/targeted-consultation-integration-eu-capital-markets-2025_en)

[Consultation document \(https://finance.ec.europa.eu/document/download/8c77fb5f-4fe6-4fa0-8fe6-293a94c43b26_en?filename=2025-markets-integration-supervision-consultation-document_en.pdf\)](https://finance.ec.europa.eu/document/download/8c77fb5f-4fe6-4fa0-8fe6-293a94c43b26_en?filename=2025-markets-integration-supervision-consultation-document_en.pdf)

[More on savings and investments union \(https://finance.ec.europa.eu/regulation-and-supervision/savings-and-investments-union_en\)](https://finance.ec.europa.eu/regulation-and-supervision/savings-and-investments-union_en)

[Specific privacy statement \(https://finance.ec.europa.eu/document/download/0509b999-58ff-40e0-a1d0-dd723da2b7df_en?filename=2025-markets-integration-supervision-specific-privacy-statement_en.pdf\)](https://finance.ec.europa.eu/document/download/0509b999-58ff-40e0-a1d0-dd723da2b7df_en?filename=2025-markets-integration-supervision-specific-privacy-statement_en.pdf)

Contact

fisma-markets-integration-supervision@ec.europa.eu

Targeted consultation on integration of EU capital markets – Part 2

Fields marked with * are mandatory.

For technical reasons, the questionnaire has been divided into 2 parts.

This is part 2

Part 1 on **simplification and burden reduction, trading, and post-trading** is available [here](#):

[Respond to part 1](#)

Also note that the **question numbering might differ compared to the original pdf version** of the consultation document published on 15 April.

Introduction

Implementation of the [savings and investments union \(SIU\) strategy](#), as presented in the **Commission Communication of 19 March 2025**, is a top priority of the Commission. The [SIU](#) will be a key enabler of wider efforts to boost competitiveness in the EU economy by improving the way the EU financial system mobilises savings for productive investment, thereby creating more and better financial opportunities for citizens and businesses.

The development and integration of EU capital markets should be a market-driven process, but various barriers to that market-driven process must first be removed. Despite the harmonisation of regulatory frameworks and the existence of financial services passports, the persistent fragmentation due to these barriers is limiting the potential benefits of the EU's single market. Financial-market participants cannot fully benefit from scale economies and improved operational efficiency, or are not adequately incentivised to facilitate cross-border investments, raising the costs and restricting the choice of financial services available to businesses and citizens. By delivering better and cheaper financial services, the SIU will be a key element in boosting economic competitiveness.

More integrated and modernised EU capital markets should also allow us to explore and benefit from technological developments and innovation. The use of newer generation technologies such as distributed ledger

technology, tokenisation of financial instruments, will allow us to empower our capital markets and equip them for the opportunities and challenges ahead.

The Communication on the SIU announced legislative proposals in the fourth quarter of 2025 to remove barriers to cross-border trading and post-trading, cross-border distribution of investment funds and cross-border operations of asset managers. This reflects [President von der Leyen's mission letter to Commissioner Albuquerque](#), which includes the task to “*explore further measures to [...] promote scaling up of investment funds, and remove barriers to the consolidation of stock exchanges and post-trading infrastructure*”. To this end, the Commission has already launched external studies to identify barriers affecting the consolidation of trading and post-trading infrastructures and the scaling up of investment funds in the EU. These barriers include those of an economic, legal (at national and EU level), technological, behavioural and operational nature.

Divergences in supervisory practices can also act as a specific barrier to capital-market integration, as financial-market participants operating across borders must manage different requirements across the single market. Accordingly, any strategy to integrate EU capital markets naturally leads to the need for more efficient and harmonised supervision. The aforementioned studies also seek to identify barriers to integration that are linked to supervision and the Commission will propose legislative measures in the fourth quarter of 2025 to strengthen supervisory convergence and to transfer certain supervisory tasks for capital markets to the EU level.

As part of implementing the SIU strategy, this targeted consultation seeks stakeholders' feedback on several issues and possible measures, legislative or non-legislative on 2 main areas:

- barriers in general to the integration and modernisation of trading and post-trading infrastructures, the distribution of funds across the EU and efficient cross-border operations of asset management
- and barriers specifically linked to supervision

In line with the [simplification communication](#), simplification will underpin all efforts to implement the SIU strategy and respondents are invited to indicate any areas in which regulatory simplification would be appropriate.

As a swift action is required under the savings and investments union strategy to untap EU enormous potential and give it the means to secure its economic future, this consultation must be completed within eight weeks. It is acknowledged that this consultation is extensive and to the extent that not all questions will be relevant to all stakeholders, respondents are invited to reply only to those questions that are most relevant to them.

Responding to this consultation

In this targeted consultation, the Commission is interested in the views of a wide range of stakeholders. Contributions are particularly sought from financial institutions and other markets participants, national supervisors, national ministries, the ESAs, EU institutions, non-governmental organisations, think tanks, consumers, users of financial services and academics. Market participants include operators and users of trading and post-trading infrastructures in the EU, notably trading venues, broker-dealers, issuers, institutional and retail investors, clearing counterparties (CCPs), central securities depositaries, trade repositories, other financial market infrastructure operators, asset managers, investment funds, regardless of where they are domiciled or where they have established their principal place of business.

This consultation should be seen as a distinct exercise from any targeted queries received by relevant stakeholders in relation to the currently ongoing external studies to identify barriers affecting the consolidation of trading and post-trading infrastructures and the scaling up of investment funds in the EU.

Responses to this consultation are expected to be most useful where issues raised in response to the questions are supported with a clear and detailed narrative, evidenced by data (where possible), concrete examples, legal references and qualitative evidence, and accompanied by specific suggestions for solutions to address them in the Regulation.

Urgent action is required to address persistent fragmentation that limits the benefits to be gained from the EU's single market and contribute to secure EU's prosperity and economic strength. All interested stakeholders are invited to reply by 10 June 2025 at the latest to the online questionnaires below.

Please note that to ensure a fair and transparent consultation process only responses received through the online questionnaires will be taken into account and included in the report summarising responses.

Recognising the comprehensive nature of this consultation, it has been decided to divide it into six key topics: simplification, trading, post trading, horizontal barriers to trading and post-trading, asset management and funds and supervision. This approach aims to streamline the response process and ensure each aspect is thoroughly addressed, thereby making it more manageable for respondents to engage with and contribute their insights effectively. By organising the consultation in this manner, the aim is to encourage detailed and focused feedback on each specific area, ultimately leading to a more robust and inclusive dialogue.

Please note: In order to ensure a fair and transparent consultation process **only responses received through our online questionnaire will be taken into account** and included in the report summarising the responses. Should you have a problem completing this questionnaire or if you require particular assistance, please contact fisma-markets-integration-supervision@ec.europa.eu.

More information on

- [this consultation](#)
- [the consultation document](#)
- [savings and investments union](#)
- [the protection of personal data regime for this consultation](#)

About you

* Language of my contribution

- Bulgarian
- Croatian
- Czech
- Danish
- Dutch
- English
- Estonian
- Finnish
- French
- German

- Greek
- Hungarian
- Irish
- Italian
- Latvian
- Lithuanian
- Maltese
- Polish
- Portuguese
- Romanian
- Slovak
- Slovenian
- Spanish
- Swedish

* I am giving my contribution as

- Academic/research institution
- Business association
- Company/business
- Consumer organisation
- EU citizen
- Environmental organisation
- Non-EU citizen
- Non-governmental organisation (NGO)
- Public authority
- Trade union
- Other

*** Organisation name**

255 character(s) maximum

Association of the Luxembourg Fund Industry (ALFI)

*** Organisation size**

- Micro (1 to 9 employees)
- Small (10 to 49 employees)
- Medium (50 to 249 employees)
- Large (250 or more)

Transparency register number

255 character(s) maximum

Check if your organisation is on the [transparency register](#). It's a voluntary database for organisations seeking to influence EU decision-making.

6182372280-83

*** Country of origin**

Please add your country of origin, or that of your organisation.

- | | | | |
|---|--|---|--|
| <input type="radio"/> Afghanistan | <input type="radio"/> Djibouti | <input type="radio"/> Libya | <input type="radio"/> Saint Martin |
| <input type="radio"/> Åland Islands | <input type="radio"/> Dominica | <input type="radio"/> Liechtenstein | <input type="radio"/> Saint Pierre and Miquelon |
| <input type="radio"/> Albania | <input type="radio"/> Dominican Republic | <input type="radio"/> Lithuania | <input type="radio"/> Saint Vincent and the Grenadines |
| <input type="radio"/> Algeria | <input type="radio"/> Ecuador | <input checked="" type="radio"/> Luxembourg | <input type="radio"/> Samoa |
| <input type="radio"/> American Samoa | <input type="radio"/> Egypt | <input type="radio"/> Macau | <input type="radio"/> San Marino |
| <input type="radio"/> Andorra | <input type="radio"/> El Salvador | <input type="radio"/> Madagascar | <input type="radio"/> São Tomé and Príncipe |
| <input type="radio"/> Angola | <input type="radio"/> Equatorial Guinea | <input type="radio"/> Malawi | <input type="radio"/> Saudi Arabia |
| <input type="radio"/> Anguilla | <input type="radio"/> Eritrea | <input type="radio"/> Malaysia | <input type="radio"/> Senegal |
| <input type="radio"/> Antarctica | <input type="radio"/> Estonia | <input type="radio"/> Maldives | <input type="radio"/> Serbia |
| <input type="radio"/> Antigua and Barbuda | <input type="radio"/> Eswatini | <input type="radio"/> Mali | <input type="radio"/> Seychelles |
| <input type="radio"/> Argentina | <input type="radio"/> Ethiopia | <input type="radio"/> Malta | <input type="radio"/> Sierra Leone |

- Armenia
- Aruba
- Australia
- Austria
- Azerbaijan
- Bahamas
- Bahrain
- Bangladesh
- Barbados
- Belarus
- Belgium
- Belize
- Benin
- Bermuda
- Bhutan
- Bolivia
- Bonaire Saint Eustatius and Saba
- Bosnia and Herzegovina
- Botswana
- Bouvet Island
- Brazil
- British Indian Ocean Territory
- British Virgin Islands
- Brunei
- Bulgaria
- Falkland Islands
- Faroe Islands
- Fiji
- Finland
- France
- French Guiana
- French Polynesia
- French Southern and Antarctic Lands
- Gabon
- Georgia
- Germany
- Ghana
- Gibraltar
- Greece
- Greenland
- Grenada
- Guadeloupe
- Guam
- Guatemala
- Guernsey
- Guinea
- Guinea-Bissau
- Guyana
- Haiti
- Heard Island and McDonald Islands
- Marshall Islands
- Martinique
- Mauritania
- Mauritius
- Mayotte
- Mexico
- Micronesia
- Moldova
- Monaco
- Mongolia
- Montenegro
- Montserrat
- Morocco
- Mozambique
- Myanmar/Burma
- Namibia
- Nauru
- Nepal
- Netherlands
- New Caledonia
- New Zealand
- Nicaragua
- Niger
- Nigeria
- Niue
- Singapore
- Sint Maarten
- Slovakia
- Slovenia
- Solomon Islands
- Somalia
- South Africa
- South Georgia and the South Sandwich Islands
- South Korea
- South Sudan
- Spain
- Sri Lanka
- Sudan
- Suriname
- Svalbard and Jan Mayen
- Sweden
- Switzerland
- Syria
- Taiwan
- Tajikistan
- Tanzania
- Thailand
- The Gambia
- Timor-Leste
- Togo

- Burkina Faso
- Burundi
- Cambodia
- Cameroon
- Canada
- Cape Verde
- Cayman Islands
- Central African Republic
- Chad
- Chile
- China
- Christmas Island
- Clipperton
- Cocos (Keeling) Islands
- Colombia
- Comoros
- Congo
- Cook Islands
- Costa Rica
- Côte d'Ivoire
- Croatia
- Cuba
- Curaçao
- Cyprus
- Czechia
- Honduras
- Hong Kong
- Hungary
- Iceland
- India
- Indonesia
- Iran
- Iraq
- Ireland
- Isle of Man
- Israel
- Italy
- Jamaica
- Japan
- Jersey
- Jordan
- Kazakhstan
- Kenya
- Kiribati
- Kosovo
- Kuwait
- Kyrgyzstan
- Laos
- Latvia
- Lebanon
- Norfolk Island
- Northern Mariana Islands
- North Korea
- North Macedonia
- Norway
- Oman
- Pakistan
- Palau
- Palestine
- Panama
- Papua New Guinea
- Paraguay
- Peru
- Philippines
- Pitcairn Islands
- Poland
- Portugal
- Puerto Rico
- Qatar
- Réunion
- Romania
- Russia
- Rwanda
- Saint Barthélemy
- Saint Helena Ascension and Tristan da Cunha
- Tokelau
- Tonga
- Trinidad and Tobago
- Tunisia
- Turkey
- Turkmenistan
- Turks and Caicos Islands
- Tuvalu
- Uganda
- Ukraine
- United Arab Emirates
- United Kingdom
- United States
- United States Minor Outlying Islands
- Uruguay
- US Virgin Islands
- Uzbekistan
- Vanuatu
- Vatican City
- Venezuela
- Vietnam
- Wallis and Futuna
- Western Sahara
- Yemen
- Zambia

- Democratic Republic of the Congo
- Denmark
- Lesotho
- Liberia
- Saint Kitts and Nevis
- Saint Lucia
- Zimbabwe

* Field of activity or sector (if applicable)

- Auditing
- Central bank
- Central Counterparty (CCP)
- Central Securities Depository (CSD)
- Clearing house
- Credit institution
- Credit rating agency
- Energy trading company (non-financial)
- European supervisory authority
- Insurance
- Investment firm
- Investment management (e.g. hedge funds, private equity funds, venture capital funds, money market funds, securities)
- Market infrastructure operation (except CCPs, CSDs, stock exchanges)
- Member State Authority other than a national supervisory authority
- Multilateral development bank
- National supervisory authority
- Organisation representing European consumers' interests
- Organisation representing European retail investors' interests
- Pension provision
- Public authority
- Publicly guaranteed undertaking
- Settlement agent
- Stock exchange
- System operator
- Technology company
- Other
- Not applicable

The Commission will publish all contributions to this targeted consultation. You can choose whether you would prefer to have your details published or to remain anonymous when your contribution is published. **For the purpose of transparency, the type of respondent (for example, 'business association', 'consumer association', 'EU citizen') is always published. Your e-mail address will never be published.** Opt in to select the privacy option that best suits you. Privacy options default based on the type of respondent selected

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Only the organisation type is published: The type of respondent that you responded to this consultation as, your field of activity and your contribution will be published as received. The name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your name will not be published. Please do not include any personal data in the contribution itself if you want to remain anonymous.

Public

Organisation details and respondent details are published: The type of respondent that you responded to this consultation as, the name of the organisation on whose behalf you reply as well as its transparency number, its size, its country of origin and your contribution will be published. Your name will also be published.

I agree with the [personal data protection provisions](#)

Select the topics

To the extent that not all questions will be relevant to all stakeholders, respondents are invited to reply only to those questions that are most relevant to them within the questionnaires they have chosen to respond to.

Choose the section(s) you want to respond to:

Please select as many answers as you like

4. Horizontal barriers to trading and post-trading infrastructures

5. Asset management and funds

6. Supervision

7. Horizontal questions on the supervisory framework

For technical reasons, the questionnaire has been divided into 2 parts.

This is part 2

Part 1 on **simplification and burden reduction, trading, and post-trading** is available here:

[Respond to part 1](#)

Also note that the **question numbering might differ compared to the original pdf version** of the consultation document published on 15 April.

4. Horizontal barriers to trading and post-trading infrastructures

This section seeks feedback on horizontal barriers to trading and post-trading infrastructures in four main areas:

- EPTF (European Post Trade Forum)
- cross-border operational synergies between entities
- issuance
- and innovation

Respondents are asked to provide concrete examples to support answers provided, and, where possible, quantitative and qualitative information.

4.1. EPTF barriers

Question 1. How do you assess the continuing importance and the urgency of their resolution of the barriers identified by the [EPTF report](#) and those put on [EPTF watchlist](#) (WL) in 2017?

a) Fragmented corporate actions and general meeting processes (EPTF 1)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier a)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

b) Lack of convergence and harmonisation in information messaging standards (EPTF 2)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier b)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier b):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

c) Lack of harmonisation and standardisation of ETF processes (EPTF 3)

- High urgency
- Medium urgency

- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier c)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier c):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

d) Inconsistent application of asset segregation rules for securities accounts

(EPTF 4)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier d)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier d):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

e) Lack of harmonisation of registration rules and shareholder identification processes (EPTF 5)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier e)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier e):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

f) Complexity of post-trade reporting structure (EPTF 6)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier f)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier f):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

g) Unresolved issues regarding reference data and standardised identifier (EPTF 7 (formerly Giovannini Barriers 8 and 9, redefined and combined))

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier g)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier g):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

h) Uncertainty as to the legal soundness of risk mitigation techniques used by intermediaries and of CCPs' default management procedures (EPTF 8) (formerly Giovannini Barrier 14)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier h)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier h):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

i) Deficiencies in the protection of client assets as a result of the fragmented EU legal framework for book entry securities (EPTF 9) (formerly Giovannini Barrier 13)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier i)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier i):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

j) Shortcomings of EU rules on finality (EPTF 10)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier j)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier j):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

k) Legal uncertainty as to ownership rights in book entry securities and third-party effects of assignment of claims (EPTF 11) (formerly Giovannini Barrier 15)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier k)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier k):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

l) Inefficient withholding tax collection procedures (the lack of a relief-at-source system) (EPTF 12)



- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier I)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier I):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In 2017, the EPTF report called for harmonisation of withholding tax procedures, identified as a significant barrier to cross-border investment. For such harmonisation, the European Commission was recommended to foster a coordinated approach between Member States to achieve a common set of procedures and improve communication tools.

To that end, the Council has adopted Directive (EU) 2025/50 of 10 December 2024 on faster and safer relief of excess withholding taxes (the FASTER Directive) to help ensure legal certainty for both taxpayers and tax authorities and limit the administrative burden and related costs. The aim of FASTER is to simplify procedures so that investors have effective access to withholding tax relief procedures, including when they invest in the market through investment funds.

The FASTER Directive will have to be transposed by 31 December 2028 for a first application as from 1 January 2030. In the meantime, the Directive requires the European Commission to prepare and adopt a number of implementing acts on certain aspects. The transposition of FASTER and the application of the implementing acts will bring a number of changes in the withholding tax relief procedures applicable in the Member States. A common interpretation of certain concepts and a harmonised implementation of clear and predictable administrative procedures are essential to ensure a sufficient level of convergence and consistency and avoid taxpayers being confronted with divergent interpretations in Member States. The risk would otherwise be to create a fragmented market that would not have removed the obstacles already identified in the EPTF report.

ALFI considers that the guidelines and technical studies prepared by the European Commission will play a crucial role in establishing a comprehensive and effective operational framework for withholding tax relief procedures. We consider that if certain key issues, for example the practical application of the concept of 'financial arrangements', are not properly addressed, they will represent major obstacles to the creation of a unified European single market and will hinder investors' access to this market.

m) National restrictions on the activity of primary dealers and market makers (WL1)

- High urgency
- Medium urgency
- Low urgency

- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier m)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier m):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

n) Obstacles to DvP settlement in foreign currencies at CSDs (WL2)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier n)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier n):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

o) WL3: Issues regarding intraday credit to support settlement (WL3)

- High urgency

- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier o)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier o):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

p) Insufficient collateral mobility (WL4)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier p)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier p):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

q) Non-harmonised procedures to collect transaction taxes (WL5)

- High urgency
- Medium urgency
- Low urgency
- No longer relevant
- Don't know / no opinion / not applicable

Do you agree with EPTF recommendations for barrier q)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answers on barrier q):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

4.2. Leveraging cross-border operational synergies between entities (outsourcing, treatment of group structures)

Question 2. Do you believe that the current regulatory and supervisory set-up as regards outsourcing is adequate, and captures the risks linked to outsourcing appropriately?

- 1 - Inadequate
- 2 - Rather inadequate
- 3 - Neutral
- 4 - Rather adequate
- 5 - Adequate
- Don't know / no opinion / not applicable

Question 3. In case of groups that include trading and/or post-trading infrastructures, does the legislative framework adequately cater for intra-group synergies, notably by way of outsourcing?

-

- 1 - Inadequate
- 2 - Rather inadequate
- 3 - Neutral
- 4 - Rather adequate
- 5 - Adequate
- Don't know / no opinion / not applicable

Please point to which types of operations have been negatively impacted by the legislative framework, and what have been the costs (or alternatively: foregone cost synergies).

Please indicate which specific regulatory provisions or supervisory practices have hindered the ability to outsource functions within your group, notably across borders:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

If you consider that the current regulatory and/or supervisory framework should be adapted to more effectively facilitate intra-group operational synergies, please detail the specific legislative amendments that should be implemented, specifying whether you think any safeguards should be maintained in this process (e.g. for preventing/managing conflict of interests):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 4. What are the main barriers to consolidation at group level of CSDs' functions:

Please select as many answers as you like



- legal barriers in the CSDR
 - legal barriers in other EU legislative acts
 - legal barrier (incl. fiscal, tax-related regulatory requirements) in national law
 - supervisory barriers
 - technical/operational barriers
 - market practice
 - other barriers
-

Question 5. Are there barriers to consolidation due to the structure of the regulatory reporting mandated in the CSDR?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 6. Are there barriers to consolidation due to the organisational requirements (e.g. on outsourcing) mandated in the CSDR?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 7. Are there obstacles to consolidation related to the current CSD supervisory and oversight framework?

- Yes
- No
- Don't know / no opinion / not applicable

4.3. Issuance

Question 8. Please describe the steps and how long it takes to issue securities (and, if applicable other financial instruments) in your Member State, indicating which steps could work better, in particular if undertaken cross-border (i.e. CSD and/or trading venue is in another Member State):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 9. What are the main barriers to the smooth functioning of processes related to pre-issuance and issuance in an integrated EU market?

Please select as many answers as you like

- legal barriers in the CSDR
- supervisory practice
- differing or lack of data exchange standards (exchange of non-machine readable data)
- market practice
- differences in national requirements
- technical/technological aspects
- other barriers

Question 10. Are there barriers relating to the settlement period of primary market operations?

- Yes
- No
- Don't know / no opinion / not applicable

Question 11. Are there barriers related to ISIN allocation, or relating to the length of ISIN allocation processes?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 12. Should the attribution of ISIN be further regulated, e.g. introduction of a ‘reasonable commercial basis’ clause, or the prohibition of entities active in closely linked activities (e.g. settlement-related activities) from performing tasks as national numbering agencies?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 12:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 13. Should measures be taken to create more competition in the area of ISIN attribution?

- Yes
- No
- Don't know / no opinion / not applicable

Question 14. Are there barriers related to the lack of a harmonised approach for investor identification and classification?

- Yes
- No
- Don't know / no opinion / not applicable

Question 15. Are there barriers related to the lack of automation and straight-through processing along the issuance value chain?

- Yes
- No
- Don't know / no opinion / not applicable

Question 16. Are there barriers related to the exchange of data between the stakeholders involved in the issuance?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 17. Are there any other barriers related to issuance which are not mentioned above?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 18. What is your assessment of the current procedures for issuing debt or equity instrument in the EU, in particular for the first time?

- 1 - Very complex
- 2 - Rather complex
- 3 - Neutral
- 4 - Rather straightforward
- 5 - Very straightforward
- Don't know / no opinion / not applicable

Please explain the reasoning for your answer to question 18, and point to the main difficulties you might have identified, if any:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 19. In particular, what is your assessment of the level of competition in the area of underwriting, and of the level of fees for such services?

Do you perceive that they can be a significant barrier for those issuers considering issuing financial instruments (debt or equity)?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 20. What is the level of transparency of fees structures in the area of underwriting satisfactory?

- 1 - Very unsatisfactory
 - 2 - Rather unsatisfactory
 - 3 - Neutral
 - 4 - Rather satisfactory
 - 5 - Very satisfactory
 - Don't know / no opinion / not applicable
-

Question 21. Would a front-to-end pan European platform as proposed by the ECB in 2019 (European Distribution of Debt Instruments (EDDI) initiative) solve the barriers and obstacles identified in the previous questions?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 22. Are you satisfied with the current level of digitalisation of the bookbuilding process?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 23. Do you believe that the DLTPR limit on the value of financial instruments traded or recorded by a DLT market infrastructure should be increased?

- Yes
- No
- Don't know / no opinion / not applicable

Question 23.1. Please provide details on the preferred changes to the DLTPR and explain your reasoning (how limits should be increased, which concrete assets should be eligible and why)

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As a preliminary consideration, we would like to highlight the fact that the DLT Pilot Regime (“DLT PR”) has not resulted in a large adoption within the industry. There are a few specific reasons for this, as explained below:

1. DLT PR presents some significant limitations in terms of products that can fall within its scope. Indeed, the scope of eligible assets in the DLT PR is limited and does not reflect the full spectrum of products that could be offered through the DLT.
2. The volume limits restrain the players in their activities under the DLT PR.
3. There are significant barriers to entry, in terms of application documentation in particular, that would prevent new players from applying to the regime. In practice, only few players proceeded with the application process due to these high barriers to entry.
4. It is not suited for embedding initiatives that tackle a secondary market for tokenised assets on the DLT
4. There is some uncertainty with regards to the timeframe for the DLT PR. Presented as a transitory regime, this framework is not fostering confidence nor attracting players who are looking to undertake initiatives over the long-term and out of a “sandbox” mode. Indeed, the DLT PR was designed as an exemption to the traditional CSD regime, to test the DLT temporary exemption form the CSD regime.

Therefore, we have not seen a high appetite for actors to leverage on the DLT PR, which resulted in very few adopters, out of which fewer were new entrants.

At local level, regulatory frameworks have been implemented, that are efficiently welcoming the use of the decentralized ledger technology outside of the DLT PR. Namely, the Luxembourg Blockchain Law bills I to IV is attractive to market players in this respect.

We would be of the view the following amendments would increase the attractiveness of the framework:

Scope: the limits should be raised, to allow players to operate within the framework, outside of a mere sandbox exercise, while allowing them to experience some economies of scale.

Barriers to entry: administrative procedures to apply to the regime should be simplified and streamlined, to attract new entrants as well as more regulated financial entities.

Assets: the asset base should be expanded and alternative assets should be included. ETF were previously excluded from the DLT PR, and would benefit from being included. Similarly, MMF, being on the DLT could attract a wider investors and professional investors base.

Long term regime: The industry has grown in experience on using issuing and transferring tokenised instruments through the DLT over the past few years, and is starting to appreciate the benefits of the technology. Market players are adopting the DLT, through more mature projects and following a long-term strategy. To be attractive and sustainable, the regulatory framework should be adapted, should move away from being sandbox regime and regulate issuance and transfer of instruments through the DLT with a long-

term perspective.

We would be in favor of a long-term regime, that would be explicit in terms of scope and functioning of the trading activities.

Question 23.2. Please provide a ranking of the importance of the issue:

- High priority
- Medium priority
- Low priority
- Don't know / no opinion / not applicable

Question 23.3. Please provide an estimation of the benefits and risks that result implementing the changes to the DLTPR that you propose.

For example, if you suggest extending the scope of instruments, or increasing the threshold, you are encouraged to estimate how much additional financial activity would the DLTPR attract, and opine on the associated risks:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would consider the benefits are significant, and include the following:

Increasing the scope of instruments and eligible assets would improve liquidity and market attractiveness for these assets, in particular by giving access to new types of investors.

Benefitting from a long-term regime would bring some clarity to the framework and more reliability, while building trust over the long run.

Such regime could act as a facilitator in the building of a single market union, enhancing competitiveness in the European market. We consider this is key for maintaining EU financial industry competitiveness at pace with the US and Asia.

It would reduce the barrier to new entrants and therefore create more opportunities.

Reducing the barrier to entry will foster the introduction of new entrants, challenging incumbents, hence reducing the costs. Such optimization results in the interest of the end investor.

We see merit in allowing larger market transactions, in order to reduce marginal transaction costs.

From an operational standpoint, we are convinced some products would benefit from this technology, with regards to enhancing process automation (e.g. alternative investment funds, corporate bonds...). In particular, a DLT-based secondary market would significantly enhance the liquidity of such assets.

Despite the many benefits envisaged, addressing the inherent risks through appropriate risk management remain a necessity.

We consider specific risks are stemming from complex asset classes: the complexity of the asset structuring could create challenge in the classification of these assets. As an example, we would like to refer to our previous positions with regards to hybrid assets, for which a thorough case-by-case analysis is required. Eventually, the risk of moving away from the CSD oversight framework and implementing a different framework could create some market fragmentation.

Question 24. Do you believe that the scope of assets eligible within the DLTPR should be extended?

- Yes
- No
- Don't know / no opinion / not applicable

Question 24.1. Please provide details on the preferred changes to the DLTPR and explain your reasoning (how limits should be increased, which concrete assets should be eligible and why)

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As mentioned in our response to Q23.1 above, we would be of the view the asset base should be expanded and alternative assets should be included. ETF were previously excluded from the DLT PR, and would benefit from being included. Similarly, MMF, being on the DLT could attract a wider investors and professional investors base.

In the same vein, the transaction limits should be raised, to allow players to operate within the framework, outside of a mere sandbox exercise.

Question 24.2. Please provide a ranking of the importance of the issue:

- High priority
- Medium priority
- Low priority
- Don't know / no opinion / not applicable

Question 24.3. Please provide an estimation of the benefits and risks that result implementing the changes to the DLTPR that you propose.

For example, if you suggest extending the scope of instruments, or increasing the threshold, you are encouraged to estimate how much additional financial activity would the DLTPR attract, and opine on the associated risks:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While the DLT PR was offering some exemptions to the traditional CSD regime, it was also operating under a limited scope of issues and transactions proposed.

The DLT PR exemptions are allowing players to leverage on the technology. e.g. in case of DLT TSS one institution could be both a market place, trading platform and performing the settlement. Meanwhile, there may be a lack of external control, in such exemptions from the segregation of duties between trading venue and settlement (as implemented in the CSD model).

We would like to reiterate our view, with regards to the lack of segregation of duties and external control in the case of one single entity performing both trading venue and settlement activities. Adequate control framework should be implemented to mitigate any risk inherent to such concentration of duties.

In addition, we would like to consider a potential risk with regards to the fully decentralized aspect in DLT TSS. To draw a parallel with traditional finance and exchange traded funds: today we could see an issue, when a ETFs would be listed on multiple venues, as such proliferation of trading venues for given instruments may create opportunities for arbitrage and potential risks of higher volatility.

We would be of the view that such challenges related to decentralized listing could create risks with regards to best execution. Nevertheless, such challenges could eventually be overcome through enhanced transparency of blockchains.

Question 25. Do you believe that the DLTPR should be extended to cover other types of systems, such as clearing systems?

- Yes
- No
- Don't know / no opinion / not applicable

4.4. Innovation – DLT Pilot Regime (DLTPR) and asset tokenisation

Question 26. Should the DLT trading and settlement system (DLT TSS), allowing for trading and settlement activities within a single entity, become embedded into the regular framework (CSDR, MIFID)?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 26, noting in particular the risks and the benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While we answered “Yes” to this question, we would like to qualify our response as follows:

Although there is definitely merit in moving towards a much leaner model, there is still a requirement to include the various steps of controls and validation.

From an operational standpoint, it would be necessary to ensure that the various levels of controls and validation remain effective. In particular, the distinct lines of defense need to be split among different actors.

Meanwhile, providing the exemptions proposed in the DLT PR into MIFID and CSDR would remove the requirement for exemption-based pilot regime and ensure the long-term character and confidence the industry is looking for, with regards to DLT based operations.

While the conditions for concentration of the settlement and trading within the same entity are made possible

by the actual DLT technology, the benefits may only be achieved once there is DLT-based instant settlement, i.e. through settlement token. This condition is mandatory to acknowledge DVP was achieved on the blockchain.

Further developments on the settlement side at European level would provide the market with further certainty in this regard with regards.

Question 27. What other changes to the DLTPR are needed to ensure that it remains a framework that is fit for the purpose of allowing new entrants and established financial companies to deploy pioneering innovation with DLT in the EU, while also ensuring appropriate risk mitigation?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While we would see merit in applying a proportionality-based approach with regards to the initial authorization requirements to new entrants, we would not be in favor of a complete removal of CSD authorization in the form of an exemption for new entrants.

A proportionate authorization process provides the required framework to mitigate the risk in the CSD activities, including for new entrants. Clearing and settlement activities embed specific risks, that need to be mitigated, and such requirement applies not only to new entrants but also to established market participants.

This being said, we would like to raise concerns with regards to the authorization regimes: while CSD are authorized at national authority level, entities under the DLT PR are authorized at EU level. While we are in favor of maintaining a national supervision, we would like to reiterate that such national supervision needs to be uniformly implemented across the Union, so as to avoid any incentive of forum shopping or regulatory arbitrage.

We could consider a proportionality-based approach with regards to the authorization framework would allow to attract new market participants while maintaining an adequate set of requirements and risk mitigation. Specifically, a case by case assessment of the player, including threshold-triggered requirements (e.g. based on volumes, market shares and penetration, etc.), would be suited to implement proportionate authorization requirements. This would introduce some flexibility for new actors to enter the market, while requiring a more substantiated supervisory framework once their business grows.

In particular, we would like to emphasize that such proportionality-based implementation is in line with the approach in the DORA framework.

Question 28. What type of below-specified changes to the DLTPR would improve business certainty and planning for businesses that are considering to join the DLTPR?

	1 (not important)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (very important)	Don't know - No opinion - Not applicable
a) remove the references in the DLTPR to the limited duration of licenses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
b) size-proportional requirements within the DLTPR, whereby the greater the size of the business of the DLTPR participant (e.g. measured in terms of volume of transactions traded/settled), the greater the compliance obligations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
c) clearer regulatory pathways to 'graduate' into the 'regular' CSDR framework	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please specify to what other set(s) of changes you refer in your answer to question 28:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would like to highlight the following:

With regards to a), the fact that licenses under DLT PR are granted for a limited period currently acts as a discouraging factor for actors looking to enter this market.

With regards to c), we would be in favor of updating the CSDR to allow application to issuance and transactions over the DLT. We would be referring to the Luxembourg Blockchain Law I to IV as an example of such regulatory framework.

Meanwhile, we would not be favorable to a transitional regime in which market participants would need to “graduate” into the CSDR regime under some conditions, as such two-steps process would be posing barriers between DLT PR and CSDR.

With regards to point d), we would emphasize the requirement of fostering interoperability with traditional financial systems.

Please explain your answer to question 28, indicating, where possible, examples from other jurisdictions that can serve as a model:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would like to reiterate our reference to the Luxembourg Blockchain Law I to IV.

- The Blockchain Law I of 1 March 2019 introduced the possibility to hold securities accounts and transfer securities using the DLT.
- The Blockchain II Law of 22 January 2021 recognized the ability to use new securitized electronic systems, like the DLT, in the context of issuance of listed and unlisted dematerialized securities. This Law also extended the scope of entities, able to act as central account keepers, by defining the set of technical and operational requirements to operate such activities.
- The Blockchain III Law of 15 March 2023 introduced ad hoc changes, clarifying the definition of financial instruments, under the preponderance of substance over form. It also amended the Financial Collateral Law, allowing financial instruments registered in securities accounts, held through the DLT to fall into this scope. In short, through the Blockchain Law III, the Luxembourg legislator allowed relevant financial players to use the DLT on the financial market and as collateral.
- On December 19, 2024, Luxembourg Parliament adopted Blockchain IV Law, expanding the country's pioneering legal framework to support the development of digital securities and tokenization. This new legislation confirms Luxembourg's intention to facilitate the use of DLT technology, particularly in the domain of dematerialized securities issuance, while ensuring legal certainty, flexibility, and transparency for issuers and investors. The scope of Blockchain Law IV includes unlisted equity securities, including investment funds units, to use the DLT for the issuance, holding and transfer of those shares. It also introduces a new actor, the “Control Agent”, to serve as an alternative to the role of Central Account Keeper.

Moreover, the Luxembourg Commission de Surveillance du Secteur Financier (CSSF) The CSSF published a guide, the DLT Whitepaper, considered by the market a very practical and useful starting point for any tokenization initiative.

Question 29. Does the DLTPR create a sufficiently clear and flexible framework for the use of EMTs as a settlement asset, bearing in mind the overarching need to ensure high level of safety for cash settlement in DLT market infrastructures?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 29:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

With regards to cash settlement, we would like to emphasize the requirement for distinguishing between retail transactions and wholesale transactions.

Concerning the latest, the acceleration of the use of wholesale CBDCs would be beneficial.

Question 30. Do you think that in addition to, or instead of the current derogations-based approach (allowing switching off of certain MIFID and CSDR provisions), the DLTPR should take a principles-based approach whereby high-level provisions govern trading and settlement services, with the purported aim of creating more flexibility for deploying innovative DLT-based projects?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 30:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would like to reiterate our position as explained in our response to Q27, and suggest an approach based on proportionality. Such approach would be risk-based, and would allow to capture the risks of the specific DLT-based initiatives while allowing for flexibility.

In this regard, we would be in favor of a principles-based approach (as opposed to a rules-based approach), which would be suited to fostering innovation while appropriately fitting with the existing MiFID framework, hence removing the limitations currently in place within the DLT PR.

Such framework would allow for the emergence of new players and the development of such innovative initiatives, to the best interest of market competitiveness in the Union.

Question 30.1 What would be the advantages and disadvantages of such an approach and how can the disadvantages be mitigated?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to Q30.

Question 30.2 Please provide examples of principles-based standards or regulation (EU or non-EU), in the financial or non-financial domain, that may serve as a useful model or inspiration for a principles-based DLTPR, and why you think these examples are insightful:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

As explained in our response to Q28, the Luxembourg Blockchain Laws I to IV are effective examples of effectively adapting national laws to the blockchain technologies

Question 31. Do you believe that DLT is a useful technology to support trading services in financial instruments?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 31:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While this may evolve in the future, DLT is not, at this stage, considered as the best technology to support trading services in financial instruments.

While DLT is fast, efficient and reliable for recording transactions, DLT is not the highest-speed technology for transactions' settlement.

This being said, we do experience improvements, with regards to the actual speed of some blockchains.

We would also like to raise some concerns with regards to specific elements of trading services in financial instruments, such as price discovery, meeting supply and demand, providing market liquidity. The reason for such challenges is that blockchains may result too fragmented in this respect.

Blockchains are very efficient technologies for ledger maintenance, recording, providing immutability and proof of records. We consider that in the current market infrastructure, interoperability with existing trading venues is more efficient, on the pure trading aspects.

Question 32. Do you believe there are regulatory barriers beyond those addressed by the DLTPR that may hinder or prevent DLT-based provision of trading services in financial instruments?

- Yes
- No
- Don't know / no opinion / not applicable

Question 33. For a financial entity using DLT to deploy its services, the distributed ledger is often an external platform on which services are run, and this platform may have a very distributed governance structure.

What are the benefits and risks of deploying financial services, including post-trading services, on distributed ledgers external to the financial service provider, and therefore outside its direct control?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would be of the view that response elements to this question are already alluded to in the wording of the question.

Indeed, we would agree there are risks associated to the absence of direct control over financial services. In the context of a public blockchain, this absence of direct control as well as the absence of specific contractual conditions agreed upon with the public blockchain, is inherent to the set up.

Concentration risk: While there may be a distributed platform it may nevertheless gather a limited number of participants. In such instance of a limited number of validators on specific nodes, such concentration on some nodes may create a risk towards the reliability of the consensus.

Indeed, the validation being performed by non-regulated actors, it is the actual number of validators on the nodes that create the consensus reliability.

This being said, we consider there is an overarching benefit for financial entities in using the DLT to deploy financial services, with regards to the resilience (immutability) of the information.

In order to mitigate the above-mentioned risk, we would be of the view that, resilience and risk management could be achieved in DLT technology, similarly to the recent digital resilience requirements implemented: through implementing a robust initial and periodic due diligence process, reinforcing the monitoring, and having a back-up blockchain

Question 34. How should the regulatory perimeter between a technological service provider and a financial service provider, especially a CSD, be drawn in the above described DLT context?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would not have any specific views on the matter.

Question 35. The Commission recently published a [study on the use of permissionless blockchains for enhancing financial services](#), which set out operational robustness criteria for assessing permissionless blockchains.

Do you believe that beyond the [Digital Operational Resilience Act \(DORA\)](#), additional legislative or non-legislative action is needed to ensure appropriate mitigation of risk stemming from decentralised IT systems such as permissionless blockchains?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 35:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are of the view that the DORA framework, by setting the in-fine responsibility on the financial entity with regards to the resilience of the ICT providers they use, is well suited to ensure ICT resilience, even in the case of decentralized IT systems.

Introducing any other future EU piece of legislation on decentralized IT systems and networks, could lead to a situation where only permissioned blockchain would be available to the EU financial services providers. In such instance, EU financial industry would be prevented from accessing global capital markets since global capital markets are slowly but gradually moving to DLT environment, notably using permissionless blockchains.

ALFI is of the view that the existing DORA framework is effective, and even proved so in existing set-ups using permissionless blockchain technology.

Question 36. Basel prudential standards on crypto exposures applicable to credit institutions assign group 2 status to tokenised assets, including tokenised financial instruments, that are issued and recorded on permissionless distributed ledgers. The transitional prudential treatment of exposures to tokenised assets in the Capital Requirements Regulation currently applicable does not make a distinction based on the type of underlying distributed ledger.

Do you believe that prudential rules should differentiate between permissioned and permissionless distributed ledgers?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 36:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Technology neutrality is a key principle of EU legislation on financial services. The current Capital Requirements Regulation does not make a distinction based on the type of underlying distributed ledger used. It is important for EU Financial industry to stay competitive and connected to global capital markets and have access to permissionless blockchains, notably to future payments systems.

Question 37. Do you believe that risks from permissionless blockchains, in particular operational risks and other risks set out in the BIS Working paper on novel risks, mitigants and uncertainties with permissionless distributed ledger technologies, can be mitigated?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 37:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would not have any specific views on the matter.

Question 38. Asset tokenisation concerns the use of new technologies, such as distributed ledger technology (DLT), to issue or represent assets in digital forms known as tokens.

Where do you see most barriers to asset tokenisation in Europe?

	1 (not important)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (very important)	Don't know - No opinion - Not applicable
a) Member State securities and corporate law	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
b) Member State laws other than securities and corporate law	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
c) EU laws that relate to trading and post-trading	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
d) EU laws other than laws that relate to trading and post-trading	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your answer to question 38, pointing to concrete examples in areas beyond the SFD, FCD and CSDR:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would not have any specific views on the matter.

Question 39. Should public policy intervene to support interoperability between non-DLT systems and DLT systems?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 39:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We do not think there is such a requirement, for public policy intervene to support interoperability between non-DLT systems and DLT systems.
Meanwhile, authorities could play a supportive role, in reducing the asymmetry of information within the industry.
We consider the industry has been taking an active role in implementing interoperability and efficiency, even prior to any public policy intervention.

Question 40. Should public policy intervene to support interoperability between distributed ledgers?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 40:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to Q39
In any case, Distributed Ledgers are de-centrally managed so this would not be possible.
Meanwhile, we would be in favor of fostering initiatives in which the industry could share good market practices and mutualization initiatives in this regard, rather than a pure public policy enforcement.

Question 41. Lack of standardisation acts as a hindrance to interoperability. This is especially the case with a relatively new technology such as DLT.

Where is the greatest need for standardisation in the area of DLT?

	1 (not important)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (very important)	Don't know - No opinion - Not applicable
a) Business standards applicable to digital assets (for example data taxonomy to describe digital assets)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
b) Technical standards applicable to digital assets and smart contract-based applications	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
c) Technical standards applicable to links (bridges) between DLTs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your answer to question 41:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

a) Business standards applicable to digital assets: we consider that all IRC standards for smart contracts are key business standards as applied to digital assets. Please note that these were market driven, rather than public-policy defined.

b) Technical standards applicable to digital assets and smart contract- based applications: please refer to our elements provided in a) above

c) Technical standards applicable to links (bridges) between DLTs: we consider these are Important to foster communication efficiency.

Meanwhile, such converging standards have been developing throughout the industry, without any regulators' intervention. Technical standards foster integration and efficiency in the capital market. In any case, by nature, the DLT is already creating operational standards. (e.g. ERC standards are being developed and implemented by the market players, without any intervention from the regulator or any enforcement).

Yet, imposing tight standards through regulatory enforcement, at too early stage, may cause a locking effect against innovation and adoption. Therefore, we would not be in favor of such technical standards being imposed by regulators.

Question 42. Given how you foresee DLT-based financial market infrastructure to develop, what do you think is the best way of providing interoperability between distributed ledgers?

	1 (not important)	2 (rather not important)	3 (neutral)	4 (rather important)	5 (very important)	Don't know - No opinion - Not applicable
a) regulated financial entities, such as a CSD, that are present on multiple ledgers, acting as a distributed ledger hub for clients	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) pure technology companies that focus on sending messages securely across distributed ledgers for clients that are regulated financial companies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) regulated financial entities that focus on sending messages securely across distributed ledgers for clients that are regulated financial companies	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) some other model	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Please explain your answer to question 42:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

- a) regulated financial entities, such as a CSD, that are present on multiple ledgers, acting as a distributed ledger hub for clients, would artificially put a centralizing party in the middle of a decentralized network, hence moving away from / hindering the advantage of the DLT.
- b) pure technology companies that focus on sending messages securely across distributed ledgers for clients that are regulated financial companies is, in our view, the most efficient way of providing interoperability between distributed ledgers
- c) regulated financial entities that focus on sending messages securely across distributed ledgers for clients that are regulated financial companies could be a way forward, yet not as pivotal as b)

More generally, while we need regulated companies to use technology, we do not need the technology itself to be regulated (except for the exceptions of critical ICT third party providers, as foreseen in DORA). Indeed, the Regulation in place, with regards to digital resilience and oversight, already covers this aspect.

5. Asset management and funds

Despite the [Directive 2009/65/EU relating to undertakings for collective investment in transferrable securities \(UCITSD\)](#) and the [Directive 2011/61/EU on alternative investment fund managers \(AIFMD\)](#) enabling funds to be marketed across the EU through a relatively simple notification procedure, national barriers, divergent practices, and regulatory complexities often impede efficient and scalable operations, thereby impacting costs and accessibility for EU citizens.

This section seeks to:

- i. identify obstacles experienced by EU funds and asset managers to accessing the single market
- ii. gather stakeholder insights on barriers and experiences in managing cross-border investment funds
- iii. explore the effectiveness of existing authorisation and passport systems
- iv. and explore possibilities for simplifying current requirements

Stakeholders input on operational challenges, passporting/marketing of investment funds, national supervisory practices and other barriers more generally are welcome. Stakeholders are encouraged to share quantitative data and practical evidence to support positions.

5.1. Operations of asset managers

The responses in this section on “operation of asset managers” will be treated confidentially.

Question 1. for UCITS: What is your total amount of assets under management (AuM) in respect of UCITS funds?

In EUR millions:

- Less than or equal to 100

- 100 to 500
- 500 to 1000
- 1000 to 5000
- 5000 to 20 000
- 20 000 to 50 000
- Over 100 billion
- Don't know / no opinion / not applicable

Question 1. for AIFs What is your total amount of assets under management (AuM) in respect of alternative investment funds (AIFs)?

In EUR millions:

- Less than or equal to 100
 - 100 to 500
 - 500 to 1000
 - 1000 to 5000
 - 5000 to 20 000
 - 20 000 to 50 000
 - Over 100 billion
 - Don't know / no opinion / not applicable
-

Question 2. What is your total number of funds managed in the EU?

	UCITS	EU AIFs
Total number of funds managed in the EU		

Question 3. for UCITS: In how many Member States do you provide the functions listed in Annex II of UCITSD?

 Member States

Question 3.1. for UCITS: In which Member States do you provide the functions listed in Annex II of UCITSD?

- Austria Estonia Italy Portugal
- Belgium Finland Latvia Romania
- Bulgaria France Lithuania Slovak Republic
- Croatia Germany Luxembourg Slovenia
- Cyprus Greece Malta Spain
- Czechia Hungary Netherlands Sweden
- Denmark Ireland Poland

Question 3.2. for UCITS: Please provide examples of functions your provide and in which Member States:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 3. for AIFs: In how many Member States do you provide the functions listed in Annex I of AIFMD?

 Member States

Question 3.1. for AIFs: In which Member States do you provide the functions listed in Annex I of AIFMD?

- Austria Estonia Italy Portugal
- Belgium Finland Latvia Romania
- Bulgaria France Lithuania Slovak Republic
- Croatia Germany Luxembourg Slovenia

- Cyprus Greece Malta Spain
- Czechia Hungary Netherlands Sweden
- Denmark Ireland Poland

Question 3.2. for AIFs: Please provide examples of functions your provide and in which Member States:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 4. In what Member States are you authorised as an asset manager?

- Austria Estonia Italy Portugal
- Belgium Finland Latvia Romania
- Bulgaria France Lithuania Slovak Republic
- Croatia Germany Luxembourg Slovenia
- Cyprus Greece Malta Spain
- Czechia Hungary Netherlands Sweden
- Denmark Ireland Poland

Question 5. for UCITS: In how many Member States do you have branches?

 Member States

Question 5.1. for UCITS: In which Member States do you have branches?

- Austria Estonia Italy Portugal
- Belgium Finland Latvia Romania
- Bulgaria France Lithuania Slovak Republic
- Croatia Germany Luxembourg Slovenia
- Cyprus Greece Malta Spain
- Czechia Hungary Netherlands Sweden

Denmark Ireland Poland

Question 5.2. for UCITS: Please provide examples of functions covered by these branches:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 5. for AIFs: In how many Member States do you have branches?

Member States

Question 5.1. for AIFs: In which Member States do you have branches?

- | | | | |
|-----------------------------------|----------------------------------|--------------------------------------|--|
| <input type="checkbox"/> Austria | <input type="checkbox"/> Estonia | <input type="checkbox"/> Italy | <input type="checkbox"/> Portugal |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> Finland | <input type="checkbox"/> Latvia | <input type="checkbox"/> Romania |
| <input type="checkbox"/> Bulgaria | <input type="checkbox"/> France | <input type="checkbox"/> Lithuania | <input type="checkbox"/> Slovak Republic |
| <input type="checkbox"/> Croatia | <input type="checkbox"/> Germany | <input type="checkbox"/> Luxembourg | <input type="checkbox"/> Slovenia |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Greece | <input type="checkbox"/> Malta | <input type="checkbox"/> Spain |
| <input type="checkbox"/> Czechia | <input type="checkbox"/> Hungary | <input type="checkbox"/> Netherlands | <input type="checkbox"/> Sweden |
| <input type="checkbox"/> Denmark | <input type="checkbox"/> Ireland | <input type="checkbox"/> Poland | |

Question 5.2. for AIFs: Please provide examples of functions covered by these branches:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 6. for UCITS: In how many Member States do you have authorised subsidiaries?

 Member States

Question 6.1. for UCITS: In which Member States do you have authorised subsidiaries?

- | | | | |
|-----------------------------------|----------------------------------|--------------------------------------|--|
| <input type="checkbox"/> Austria | <input type="checkbox"/> Estonia | <input type="checkbox"/> Italy | <input type="checkbox"/> Portugal |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> Finland | <input type="checkbox"/> Latvia | <input type="checkbox"/> Romania |
| <input type="checkbox"/> Bulgaria | <input type="checkbox"/> France | <input type="checkbox"/> Lithuania | <input type="checkbox"/> Slovak Republic |
| <input type="checkbox"/> Croatia | <input type="checkbox"/> Germany | <input type="checkbox"/> Luxembourg | <input type="checkbox"/> Slovenia |
| <input type="checkbox"/> Cyprus | <input type="checkbox"/> Greece | <input type="checkbox"/> Malta | <input type="checkbox"/> Spain |
| <input type="checkbox"/> Czechia | <input type="checkbox"/> Hungary | <input type="checkbox"/> Netherlands | <input type="checkbox"/> Sweden |
| <input type="checkbox"/> Denmark | <input type="checkbox"/> Ireland | <input type="checkbox"/> Poland | |

Question 6.2. for UCITS: Please provide examples of key activities carried out by these subsidiaries:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 6. for AIFs: In how many Member States do you have authorised subsidiaries?

 Member States

Question 6.1. for AIFs: In which Member States do you have authorised subsidiaries?

- | | | | |
|-----------------------------------|----------------------------------|------------------------------------|--|
| <input type="checkbox"/> Austria | <input type="checkbox"/> Estonia | <input type="checkbox"/> Italy | <input type="checkbox"/> Portugal |
| <input type="checkbox"/> Belgium | <input type="checkbox"/> Finland | <input type="checkbox"/> Latvia | <input type="checkbox"/> Romania |
| <input type="checkbox"/> Bulgaria | <input type="checkbox"/> France | <input type="checkbox"/> Lithuania | <input type="checkbox"/> Slovak Republic |

- Croatia Germany Luxembourg Slovenia
 Cyprus Greece Malta Spain
 Czechia Hungary Netherlands Sweden
 Denmark Ireland Poland

Question 6.2. for AIFs: Please provide examples of key activities carried out by these subsidiaries:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 7. Do entities with your group have to maintain the same functions across different EU entities, for instance because these entities are supervised on a standalone basis, for commercial or other reasons?

- Yes
 No
 Don't know / no opinion / not applicable

Question 8. Do you use the UCITS passport to market your UCITS funds in EU Member States other than the UCITS home Member State?

- Yes
 No
 Don't know / no opinion / not applicable

Question 9. Do you use the AIFMD passport to market your EU AIFs in other EU Member States?

- Yes
 No

Don't know / no opinion / not applicable

Question 10. Do you have to create different AIFs, or compartment of AIFs to be marketed in different Member States?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 11. What is the percentage (estimate) of your total AuM and percentage of total number of both UCITS funds and AIFs that have been notified to be marketed in at least one other Member State?

a) percentage (estimate) of your total AuM

%

b) percentage of total number of both UCITS funds and AIFs

%

Question 12. Please provide other information you consider relevant to describe your EU cross-border organisation and functions:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

5.2. Authorisation Procedures

5.2.1. Authorisation of Management Companies (UCITS and AIFMD)

Question 13. Are the current authorisation / supervisory approval processes for management companies under AIFMD/UCITSD sufficiently clear and comprehensive to enable the smooth provision of asset management and supervision thereof?

- Yes
- No

- Don't know / no opinion / not applicable

Please explain your answer to question 13:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In terms of the legal and regulatory framework, the supervisory and approval processes are clear. However, in terms of evolving supervisory practices / expectations (from CSAs) from other NCAs / ESMA in terms of cross border distribution some improvements would be required.

The current frameworks under AIFMD and UCITSD are fundamentally sound and have supported a robust EU asset management sector and has proven its functionality. The CSSF has demonstrated strong capabilities in applying these frameworks, contributing to both market integrity and investor confidence.

Areas to improve:

- Timelines and procedural coordination
- Digitalisation of authorisation processes.

Question 14. Is the authorisation process proportionate in circumstances where not all requirements are relevant to the activity envisaged by the applicant?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 14 and specify the relevant circumstances and related requirements:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The application is not consistently proportionate as to the size of all managers, particularly in cases where applicants have limited or narrowly defined activities that do not justify the full set of requirements being applied in practice.

Some NCAs apply a pragmatic, risk-based approach adjusting expectations according to the applicant's size, complexity, and operational model. Others, however, may take a more uniform or conservative approach, applying full requirements even when certain aspects (e.g. governance, IT systems, or substance) may not be fully relevant to the scope of the applicant's activity.

The principle of proportionality is embedded in the legislation, but its practical effectiveness depends on how NCAs apply it within the current supervision model. We do not see a need to centralise this process, rather, we would support better alignment, guidance, and supervisory convergence as regards to the way the rules should be interpreted by NCAs across the EU, to ensure proportionality is applied consistently and constructively across all Member States.

Question 15. Does the current authorisation process for management companies under UCITSD/AIFMD act as a barrier to the functioning of the single market?

- Yes
- No
- Don't know / no opinion / not applicable

Question 16. Are the current authorisation processes / supervision for management companies under AIFMD/UCITSD applied in a consistent way across Member States?

- Yes
- No
- Don't know / no opinion / not applicable

Please present these divergences and explain if these divergences created challenges for operating in the single market:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The application is not fully consistent across Member States. However, we believe that this does not represent a structural failure, nor does it undermine the overall effectiveness of the EU framework. The current supervisory model, where NCAs remain responsible for authorisation and supervision has proven both efficient and successful. It has enabled a diverse and competitive asset management industry to develop across the EU, supported by strong regulatory standards and investor protection. While some divergences exist for example, in the interpretation of delegation rules, substance requirements, or the proportionality applied during authorisation these are generally exceptions, not the rule. In many cases, they reflect legitimate national legal frameworks, market structures, or supervisory cultures.

We would go further to say that a certain level of controlled divergence can be healthy for an open, competitive Single Market. It allows Member States to remain attractive and responsive to different types of asset managers, without undermining regulatory coherence. Rather than removing this flexibility through centralisation, the focus should be on:

- Improving supervisory convergence through existing ESMA tools,
- Fostering greater transparency and mutual understanding between NCAs by leveraging supervisory technology (SupTech), accelerating the digitisation of supervisory processes, and establishing more effective channels for timely and secure data and information exchange

Ancillary Services - While not necessarily a barrier to the functioning of the single market, there are activities (in particular with respect to “ancillary services” of Annex I AIFMD) which are interpreted differently across the various NCAs and imply certain services are automatically subsumed in some jurisdictions while others are not. The (perceived) authorization with respect to these activities may therefore vary. We assume that these issues will be resolved with the implementation of AIFMDII.

Investment Strategies - NCAs varying interpretations of investment strategies, including underlying strategies (which may subjectively require license extensions for strategies) always need to be assessed jurisdiction-by-jurisdiction and will therefore result in disparate treatment depending on the NCA concerned.

Question 17. Are you supportive of further harmonising and streamlining authorisation requirements and procedures for management companies to increase simplification and reduce fragmentation in the EU's asset management sector?

- Yes
- No
- Don't know / no opinion / not applicable

5.2.2. Authorisation of Investment Funds (UCITS)

Question 18. Is the current authorisation framework for UCITS effective and proportionate?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 18:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The current supervision framework has demonstrated both efficiency and reliability in practice.

Where a UCITS management company or an AIFM seeks to distribute a UCITS or an AIF in another Member State, there may be requirements applied by the 'host' NCA to the UCITS management company or AIFM in respect of the UCITS or AIF. For example, the cross-border marketing of funds in some European countries such as but not limited to Spain, Portugal, Romania and Greece entails the regular completion of specific reports (e.g. statistical reporting, tax reporting). These reports may also have to follow local market practices and represent additional requirements applied to the UCITS management company or AIFM by the 'host' NCA. This issue could be resolved through (i) removal of such requirements or (ii) harmonisation of such requirements.

Question 19. Is the authorisation framework for UCITS sufficiently proportionate in circumstances where not all requirements are relevant to the operations of a fund?

- Yes
 - No
 - Don't know / no opinion / not applicable
-

Question 20. Do divergent practices arise in the authorisation framework for UCITS across Member States?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain these divergences and whether these divergences create challenges for operating in the single market:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While the authorisation processes for UCITS in the various Member States generally derive from relevant EU-level legislation, regulation, and guidance, the actual process (e.g., pre-application process, online submissions etc.) and timing thereof can differ. While such differences may derive from local laws, regulations, or general supervisory practices, it is the case that greater harmonisation in the actual process and maximum limits of approval timelines would reduce the administrative burden for firms seeking UCITS authorisations in different Member States.

Question 21. Are you supportive of further harmonising and streamlining the authorisation framework, such as requirements and procedures, for UCITS to increase simplification and reduce fragmentation in the sector?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain how this should be done and provide a ranking having regard to the impact of proposed solutions as high, medium or low priority:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Per above, greater harmonisation in the actual UCITS authorisation process would reduce the administrative burden for firms seeking authorisations in different Member States. This could be achieved through the use of ESMA's existing supervisory convergence powers including remediation tools such as peer reviews which can call out bad practices.

Improvements can be made in the following areas:

- Transparent and predefined approval timelines
- Harmonised interpretation of EU laws
- The use of templates in certain areas of the approval process

5.2.3. Treatment of service providers and depositaries during the authorisation process

Question 22. Where the fund authorisation process involves an assessment by the NCA of the fund service providers appointed to a fund, in particular the depositary, is the current framework (requirements and procedures) sufficient and proportionate?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 22:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The current EU framework (UCITS and AIFMD) provides a comprehensive and proportionate basis for the supervision of depositaries in the fund authorisation process and ongoing supervision by combining strict liability, clear operational and safekeeping duties. It allows NCAs to focus their oversight efforts efficiently while maintaining a high standard of investor protection. We do not see any need for additional regulatory intervention in this area.

Question 23. Should an authorisation process be introduced at the entity level for depositaries, with the understanding that such authorisation would allow them to offer their services across the EU?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 23:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ALFI believes the introduction of an EU passport for depositary activities is not appropriate, for the following reasons. The industry has already discussed at length the potential introduction of such a passport during the recent review of the AIFMD review. There is no evidence that the introduction of a depositary passport would bring significant benefits. We do think that this would hamper the SIU strategy which aims at requiring regulatory stability, promoting European competitiveness and ensuring good quality financial services in the best interest of EU investors. A depositary passport will lead to a complicated situation where the Fund manager, the fund, and its depositary are located in three different Member States. As a consensus, it been observed that the presence of the depositary in the country of domiciliation of the fund facilitates greatly the proper functioning of the AIFMD and UCITSD.

Question 24. With the entry into application of [Directive \(EU\) 2024/927](#), to what extent are barriers still expected to persist for investment funds in accessing competitive, good-quality depositary services for AIFs?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 24 and provide a ranking having regard to the impact of proposed solutions as high, medium or low priority:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Directive 2024/927 amending the AIFMD introduces a derogation clause allowing AIFs from countries with a depositary market under EUR 50 Bn to appoint a depositary outside the AIF's country of domicile. Our members believe this provision are effective and suffice. The directive is currently being transposed by the Member States, and a specific assessment is scheduled for April 2029 aimed at assessing the use of this derogation.

Question 25. What are the main barriers for UCITS to access competitive and good-quality depositary services?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 25 and provide a ranking having regard to the impact of proposed solutions as high, medium or low priority:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

UCITS already benefit from competitive and good-quality depositary services.

Question 26. What are the main barriers for AIFs to access competitive and good-quality depositary services?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 26 and provide a ranking having regard to the impact of proposed solutions as high, medium or low priority:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The national derogation provided by the AIFMD2 suffices. It was designed with the only purpose of providing access to small markets to AIF depositaries. In other markets, AIFs already benefit from competitive and good-quality depositary services.

5.3. EU passport for marketing of investment funds

Question 27. In the context of the EU framework, are the current passporting provisions on marketing sufficiently simple and proportionate to enable the smooth marketing of investment funds in the single market?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 27 and suggest areas for improvement:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Overall, the current passporting provisions on marketing work well. However, in order to allow a truly smooth marketing of investment funds in the single market, the below difficulties should be addressed.

1. Notification forms

The official marketing notification form set out in Article 32 of the AIFMD poses a challenge due to the requirement to list share classes, even though the ESMA register does not allow for this level of granularity.

This requirement is considered particularly burdensome and inappropriate for AIFs.

For updates of both UCITS and AIF marketing notifications, a modification of the official form to allow the inclusion of comments on the specific changes made would be highly beneficial. For example, a change in the name of a sub-fund accompanied by an amended notification letter reflecting only the new name may be misleading without a reference to the previous name.

2. Acknowledgement of notifications:

It is extremely rare to receive feedback or acknowledgement from host regulators that notifications have been received. This lack of communication raises concerns about whether notifications have been missed or are simply ignored, thereby reducing the perceived importance of the notification process.

In addition, most host regulators do not track share class registrations in their registries, making it difficult to verify that notifications have been properly recorded.

3. New share class registrations:

It is not possible for UCITS to register a new share class in an existing country within a few days. Art. 93(8)

of the UCITS Directive provides for a notification period of one month in the case of additional share classes. The situation should be the same as for AIFs, where no such notification period is foreseen.

Question 28. In the context of the EU framework, are the current passporting provisions on marketing for investment funds applied in a consistent way in domestic legislation by Member States?

- Yes
- No
- Don't know / no opinion / not applicable

If divergences exist, please explain, describing the impact and suggested areas for improvement:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Unfortunately, the current EU passporting rules for the marketing of investment funds are not always applied consistently by Member States in their national legislation. EU rules should be applied consistently and the directives are clear about the limited areas where Member States can apply stricter national rules. Currently, too many countries require extra documentation in local language.

For example, there is one country where the regulator expects asset managers to appoint only a domestic AIFM to manage domestic funds eligible for unit-linked insurance products or available to domestic retail investors.

In one country, a foreign UCITS fund that complies with the SFDR's sustainability disclosure requirements may still need to adapt its marketing materials and PRIIPs KID disclosures to comply with additional domestic rules on sustainable investment terminology or specific data points required for domestic investors.

In another country, the passporting of UCITS requires an additional subscription form in addition to the PRIIPs KID, which as such contains all the necessary disclosures for funds distributed to retail investors. This adds complexity and cost, particularly for cross-border funds wishing to distribute their shares/units to investors in that country.

In another jurisdiction, notwithstanding the implementation of the CBDF Directive, the passporting of UCITS remains subject to local requirements. In particular, the appointment of a local entity responsible for (i) receiving the invoices issued by the local regulator and ensuring timely payment of the corresponding fees; (ii) carrying out periodic statistical reporting to the regulator on behalf of the UCITS; and (iii) updating the regulator's website with information on any newly appointed sub-distributors.

These ongoing requirements create additional administrative burdens and cost implications, thereby affecting the overall accessibility and efficiency of market entry for all participants.

There is also one country where prior approval of marketing materials for cross-border funds are required. The approval process can be burdensome compared to other NCAs that do not approve marketing communications. This can lead to delays and inconsistencies in the cross-border marketing of foreign funds in a sector where time-to-market is considered critical.

There is no common regulatory stance on omnibus account structures, where a regulated distributor handles

investor verification and sends net flows to the fund. Some jurisdictions do not permit these accounts, requiring complex bespoke solutions for cross-border operations.

In some countries, the cross-border marketing of funds requires the regular completion of specific reports (e.g. statistical reporting or tax reporting).

Member States domestic eligibility rules are effectively preventing cross border distribution of ELTIFs.

The rules on marketing and distribution and passporting for example for ELTIFs have been reviewed over the past few years, introducing much needed changes to the ELTIF 1.0 Regulation, to make a complex distribution simpler, bringing it in line with well established distribution and marketing rules. ALFI welcomes such approach.

Nevertheless, we see a major problem when an EU Member State introduces specific domestic laws restricting the eligibility of other EU ELTIF funds to a certain type of investor category in such particular EU Member State (as regards insurance investors). The direct result of the introduction of such domestic rules is that foreign ELTIFs cannot be sold cross border to such insurance investors, as only domestic ELTIFs are eligible. This clearly defeats the purpose of the ELTIF regulation, of EU free movement of services principles, cannot ever be solved by a single supervisory framework and sets dangerous precedents for other jurisdictions, who may wish to introduce similar "prohibitive" domestic laws.

Whilst EU Member States have the discretion to implement additional rules, such national rules must comply with the EU internal market principles of proportionality and must be non-discriminatory.

A solution to these practises could be to review the Solvency II Directive and the Insurance Distribution Directive to ensure that if EU Member States impose additional requirements, these cannot conflict with overarching EU law. To take the above ELTIF example, if local laws allow the inclusion of ELTIFs in insurance products, both local ELTIFs and ELTIFs based in other Member States should be eligible.

Question 29. In the context of national frameworks, where divergences for passporting (marketing notification regime, review of the marketing documents by the host Member States, IT or additional administrative requirements) exist, please elaborate on them, using practical examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please see our answers to questions 28 and 31.

Question 30. Are there barriers linked to different national requirements on marketing documents?

- Yes
- No
-

Don't know / no opinion / not applicable

Please explain the key differences, impact and suggestions for improvement:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please see our answers to questions 28 and 31. EU rules should be applied consistently and there should be no gold-plating by Member States.

Question 31. Do national frameworks require the appointment of local physical presence in host Member States to access the same rights as domestic UCITS or AIFs (e.g. as regards taxation, simpler administrative procedures)?

- Yes
- No
- Don't know / no opinion / not applicable

Please elaborate on your answer to question 31 and explain the impact of this requirement:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The appointment of a local paying agent (or a local sub-transfer agent) remains a regulatory requirement in several EU Member States. In at least one jurisdiction, such a local presence is mandatory for the purpose of remitting national capital gains tax. These persistent national practices contribute to the continued fragmentation of the EU fund distribution framework and may undermine the intended harmonisation objectives of the UCITS and AIFMD regimes.

Marketing and distribution restrictions require a local presence to engage with retail investors, either formally or by market expectation. These requirements are often rooted in historical market practices that continue to shape the distribution landscape. Domestic norms established during the development of national fund industries continue to influence how investment funds are marketed and sold today.

Examples include:

- The requirement to open a Euroclear or clearing house account in certain jurisdictions to secure transactions, which requires the appointment of a local depository;
- Obligation to provide specific local documentation, such as a local subscription form, in addition to the original fund subscription documents, particularly when distributing through local private banks, to ensure availability to individual investors prior to subscription;
- Administrative obligations, as discussed above (see question 28), including the mandatory appointment of a local entity responsible for:
 - (i) receiving invoices issued by the local regulator and ensuring timely payment of fees;

- (ii) submitting periodic statistical reports on behalf of the UCITS; and
- (iii) updating the regulator's website with details of newly appointed sub-distributors or to maintain eligibility for certain tax benefits;

Question 32. Are there any aspects of the cross-border distribution of funds framework ([Directive \(EU\) 2019/1160](#) and [Regulation \(EU\) 2019/1156](#)) that have created obstacles to the marketing of investment funds?

- Yes
- No
- Don't know / no opinion / not applicable

Please elaborate on your answer to question 32 and explain the impact of these obstacles:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The following aspects of the CBDF framework have created barriers to the marketing of investment funds:

- Maintaining registrations when no further capital is raised:

To avoid the so-called "black-out period", managers maintain marketing registrations for funds that are no longer raising capital (and which are closed to new subscriptions). This incurs costs for these funds (as each country levies annual registration fees) that are difficult to justify to investors in these funds, who appear to be supporting a cost for which they receive no benefit. However, de-notifying the fund in question would prevent the manager from pre-marketing a successor fund with the same strategy for a unduly long period of 36 month, although 'strategy' is not defined and open to interpretation. Most AIFMs will have a similar business model, wanting to pre-market the idea of a follow-on AIF before the current AIF has fully committed its capital (usually around 80%, as stated in the PPM).

- De-registration requirements:

The CBDF requires 15 business days' notice of any de-registration to the home regulator. This requirement is challenging, particularly for same-day share class redemptions.

In addition, the interpretation/application of the CBDF provisions on de-registration of AIFs from (pre) marketing (particularly in cases where these provisions do not apply) are unclear and subject to interpretation by the respective NCA. This implies that AIFMs may be subject to different restrictions depending on the NCA in question.

- Prior notification of material changes:

The CBDF has set a one-month prior notice period for all material changes to be filed with both home and host regulators. Given the frequency of changes within a firm, numerous pre-notifications must be made for each jurisdiction, making the process time consuming.

Asset managers must track and comply with multiple notification regimes and document formats simultaneously. This complexity diverts resources from investment management to compliance and administrative tasks.

Closed-ended AIFs structured as limited partnerships are this way prevented from closing new investors within the one-month period.

Examples of material changes include:

- o Change in investment policy and/or objectives;
- o Fund mergers;
- o Changes in fees;
- o Appointment of or change of management company.

However, there is no official guidance on the notion of “material change”, and this lack of clarity adds to the complexity of compliance.

In addition, Member States often require distinct and nationally specific templates or processes, often changing the scope and content of the information provided. Such a notification process often requires specialised legal advice or translation services, generating additional costs and administrative burdens. There is a country where certain notifications must be specifically validated before communicating to investors. In addition, local IT-specific requirements may require substantial administrative effort and IT adjustments.

Question 33. Could the central database published by ESMA pursuant to Article 6 of Regulation (EU) 2019/1156 be improved to support compliance with Member State marketing requirements?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 33:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Unfortunately, the database is not always up to date (in terms of countries of registration or fund name changes). As a result, some of the information is out of date (needs to be updated) and some relevant information is missing (e.g. LEI codes, the marketing status of the fund in each jurisdiction, and the information on the languages in which the relevant fund documentation can be used – this is only published for some countries).

The database should be regularly updated, a user-friendly online platform that clearly presents all marketing requirements to help asset managers efficiently ensure compliance with cross-border regulations. The level of detail and format of the information should also be standardised.

Question 34. Are fees/charges, currently levied by some host NCAs, a significant barrier to the distribution of investment funds in the single market?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 34:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

While not a significant barrier, initial registration and annual regulatory fees vary significantly between EEA Member States and are linked to different aspects. Each jurisdiction applies its own rules on the applicability, timing and collection of such fees.

There are still significant differences in the level of registration and maintenance fees between EEA Member States, although in particular host supervisors often do not perform any supervisory tasks. This is partly due to the calculation methods used (e.g. indexation). There are significant differences in the compartment registration fees between countries, with some jurisdictions charging several thousand euros while others charge only a few hundred euros.

In some jurisdictions, fees are due at the time of registration (sometimes requiring proof of payment) or on an annual basis, while in others there are no such fees. In addition, some regulators issue formal invoices while others do not, and the timing of invoicing varies from regulator to regulator.

In one EU Member States, our members have even observed significant annual fee increases.

This fragmented approach leads to a lack of harmonisation, requiring EU funds and asset managers to monitor and manage multiple deadlines and obligations across jurisdictions, adding administrative complexity and operational burden.

The lack of harmonisation in fee structures across NCAs makes the invoice approval process extremely burdensome. The invoices vary significantly in terms of:

- Nature (upfront, post-registration, or annual maintenance);
- Period in scope (pro-rata basis or fixed cut-off dates);
- Invoiced entity (AIFM vs. the AIF); and
- Process (some NCAs do not issue invoices at all, requiring us to proactively pay fees without formal documentation).

This inconsistency complicates internal controls.

Question 35. Do you think the fees/charges are consistent with the overall cost relating to the performance of the functions of the NCAs in question?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 35:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

This issue is difficult to assess from our perspective, as we cannot see the true cost of IT and regulatory controls; costs that can vary from country to country.

The differences impose a disproportionate burden on market participants and, in our view, do not appear to

reflect a consistent correlation with the scope or quality of the supervisory functions performed by the respective NCAs. Such inconsistencies also create barriers to efficient cross-border fund distribution within the Single Market.

The EU legislator should liaise with NCAs in this regard to promote greater alignment and transparency of fee structures. There should be a sufficient basis for the levying an amount of fees.

Question 36. Do you think the fees/charges are consistent with the overall cost relating to the performance of the functions of the NCAs in question?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 36:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please see our answer to question 35.

Question 37. In relation to the tasks listed in Article 92(1)(a)-(f) of the UCITSD, who performs these tasks on behalf of the fund (e.g. the fund itself, a manager or a third party)?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The entity responsible for carrying out these tasks will depend on the organisational structure of the management company and whether it has the internal capacity and resources to perform these functions in-house.

Question 37.1. Where third parties are involved in the performance of these tasks:

a) Please state the entity type (e.g. transfer agent, consultancy firm, etc) and the task performed by these entities on behalf of the fund:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The tasks listed in Article 92(1)(a)-(f) of the UCITSD are performed by the management company or by a transfer agent/fund administrator.

b) Please explain why a third party has been appointed to perform the task(s):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A third party is usually appointed to carry out the tasks for the following reasons:

- To benefit from the aspects associated with delegation in general;
- To achieve operational efficiency;
- To leverage the specific expertise of third parties, including relevant language skills to answer clients in the language of the host country where the funds are registered;
- To minimise the cost of the management company structure.

Question 38. Is the notification requirement for pre-marketing of investment funds creating barriers to the marketing of investment funds in the Union?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 38:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Our members consider the notification requirement associated with the pre-marketing of investment funds as an administrative burden. In addition, the criteria that trigger a notification obligation are often unclear, leading to lengthy discussions and legal uncertainty as to whether a notification is required in certain circumstances.

This lack of clarity is compounded by the restrictive effect of a pre-marketing notification, which effectively precludes the possibility of accepting investor redemption requests at a later stage in these jurisdictions. Such restrictions may discourage fund managers from engaging in pre-marketing activities.

The 36-month pre-marketing ban for de-notified funds is seen as a critical barrier to successor funds with similar investment strategies or ideas.

Question 39. Please describe any operational issues that you would like to report as a de facto barrier to the distribution of investment funds in the single market.

For example, the need to follow a specific procedure to submit documents to a NCA or to use a dedicated platform for communication with a NCA:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The barriers mentioned in our answers to the previous questions (see questions 27, 28, 31, 32, 38) lead to operational problems and unnecessary costs.

The information collected by ESMA on local marketing rules (including sources and related hyperlinks) is not easy to find and is not updated frequently enough. Furthermore, the information provided is inconsistent and it would be preferable if Member States were required to provide the same information to ESMA. Finally, marketing rules are often interpreted differently from country to country.

There are countries where firms need access rights to use the local online procedure set up by NCAs. If more than one person carries out registrations etc., access rights need to be transferred, which can be difficult. In addition, the modus operandi associated with such online platforms can be operationally complex. In the event of a change of service provider (i.e. law firm, external consultancy or even internal turnover), it can also sometimes be difficult to transfer the history of the platform with each individual access.

5.4. EU passporting for management companies

Question 40. In the context of the EU framework, are the current passporting provisions sufficiently clear, comprehensive and proportionate to enable the smooth operation of fund management companies in the single market?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 40:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In general, passporting notification process established under both AIFMD and UCITS Directive is clear, comprehensive and proportionate.

Question 41. In the context of the EU framework, are the current passporting provisions for management companies reflected in a consistent way in domestic legislation by Member States?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 41:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Some differences can be observed in how the passporting regime is applied across Member States, mainly due to additional requirements in national legislations.

While not necessarily a barrier to the functioning of the single market, there are activities (in particular with respect to “ancillary services” of Annex I AIFMD) which are interpreted differently across the various NCAs and imply certain services are automatically subsumed in some jurisdictions while others are not. The (perceived) authorization with respect to these activities may therefore vary. We assume that these issues will be resolved with the implementation of AIFMDII.

In the context of the management of a loan-originating fund, it has been the case that, in order to originate loans in a Member State, an entity would require a local banking license. We assume that the AIFMD II framework regarding provisions governing the management of loan-originating funds will address this issue.

Variations are also observed in granting AIFM licenses covering different private asset classes. In some Member States once an AIFM has received its license it can manage all asset classes (eg private equity, real estate, private debt, infrastructure), while other Member States require a top up license or additional requirements in case an AIFM manages a new asset class.

Question 42. In the context of the EU framework, where divergences for passporting of management companies exist, please elaborate on them, using practical examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

See our response to the previous question.

Question 43. Is the current notification procedure for management companies, which is derived from the EU framework, applied in a consistent way by NCAs?

- Yes
- No
- Don't know / no opinion / not applicable

Question 43.1. Where barriers and/or divergences in NCA regimes exist, please elaborate on them, using practical examples, including reference to impact, such as on costs and resources:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 43.2. Where barriers and/or divergences in the notification procedure derive from NCA regimes, please explain how they could be best addressed:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

5.5. Group operations - Eliminating inefficiencies and duplication

Question 44. In your view, what are the key obstacles to consolidating functions across entities within the same asset management group, and to reducing duplication and operational inefficiencies across these entities?

Please provide an answer on the following topics:

Please select as many answers as you like

- Legal barriers in UCITSD
- Legal barriers in AIFMD
-

Legal barriers in other EU legislative acts

- Legal barriers in national laws
- Supervisory barriers
- Market practices in different EU Member States
- Other barriers

Please explain why legal barriers in UCITSD are a key obstacle:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The review of the Alternative Investment Fund Managers Directive (AIFMD) and the Undertakings for Collective Investment in Transferable Securities (UCITS) Directive, has recently been finalised and the implementation of Directive (EU) 2024/927 is still ongoing. Our position on delegation practises as outlined during the AIFMD review remains unchanged.

Under both the AIFMD and UCITS Directive there are clear substance requirements of a Management Company and clear delegation rules for “core functions”, which should not be subject to any further review.

The Management Company retains full accountability for all outsourced activities and any delegation arrangement must ensure compliance with the requirements set out under the AIFMD and UCITS and any other applicable rules (e.g. transfer pricing rules).

However, a risk-based approach and a proportionate oversight model for delegations (including at group level) should be more broadly recognised to ensure that asset managers avoid unnecessary and burdensome oversight requirements. For example, delegation of “non-critical” or “ancillary functions” such as administrative support, payroll, or facility management, should be subject to lighter oversight arrangements, given their limited impact on the Management Company’s regulatory or fiduciary obligations.

Please explain why legal barriers in AIFMD are a key obstacle:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please see our response above also for AIFMD.

Please specify to what other barrier(s) you refer in your answer to question 44 and explain why they are a key obstacle:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Improved consistency between compensation frameworks and the operations of individual entities could be achieved by allowing subsidiaries within a corporate group to follow remuneration rules tailored to their specific industry (such as asset management). This approach is already implemented for investment firms governed by the Capital Requirements Directive (CRD), where Article 109(4)(a) permits subsidiaries to adopt alternative remuneration practices if they fall under other relevant EU sectoral regulations, such as AIFMD or

UCITSD. However, this flexibility is not currently reflected in the provisions of the Investment Firms Directive (IFD). Therefore, we recommend harmonizing Article 25 of the IFD with Article 109(4)(a) of the CRD to address this inconsistency.

Question 45. Do you consider that there is scope to streamline authorisation and supervision of asset managers operating in groups by reducing duplication, lowering operational costs, and save resources across entities within a group?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 45:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Any changes including in relation to authority supervising a particular entity and the scope of its responsibilities should be avoided. We do not see how any of the issues can or should be resolved by changes to the current supervision framework.

Question 46. Please provide suggestions for potential solutions.

Suggestions for solutions can include, for instance, legislative changes (specifying which changes are being suggested), supervisory convergence (specifying which tools are being suggested), etc.

How many solutions have you identified?

- 1 solution
- 2 solutions
- 3 solutions
- 4 solutions
- 5 solutions

Question 47. What conditions and safeguards would be necessary to allow for the assessment of certain functions at the group level rather than at the level of individual entities?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 48. How should the group be defined for the purposes outlined above?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 49. Do you consider that group-level authorisation and supervision would improve supervision?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 50:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

5.6. Other barriers to cross-border operations

Question 50. Have you encountered other specific barriers than those discussed above when marketing and providing asset management functions across Member States?

	Yes	No	Don't know - No opinion - Not
--	-----	----	-------------------------------------

			applicable
EU financial regulation other than UCITSD/AIFMD	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
National financial regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supervisory administrative practices	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Corporate law	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax law	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 50.1. Where barriers have been identified, please explain:

- **how have these barriers impacted your operations**
- **how they could be best addressed**
- **and provide a ranking having regard to the impact of proposed solutions as high, medium or low priority**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Compliance Burden: Asset managers distributing investment funds across the EU must navigate the tax regulations of 27 different Member States. This often results in a duplication of reporting obligations across multiple jurisdictions, significantly increasing the administrative burden and cost for asset managers.

AIFMD promotes tax transparency through references to Article 26 of the OECD Model Tax Convention on Income and on Capital on exchange of information in tax matters. Nevertheless, variations in how these exchanges of information are agreed in bilateral tax conventions can differ and create challenges. A proposed common text or EU recommendations on the wording of such Article 26 that may be used in tax conventions signed between Member States but also in those signed by EU Member States and third countries would introduce a certain level of harmonisation in practices across the EU.

5.7. Barriers for investments in funds

The questions in section 5.7 are addressed specifically to investors, in relation to their investments in funds both nationally and on a cross-border basis.

Question 51. Have you encountered any specific issues or barriers to accessing investments in EU funds, directly, or a cross-border basis?

- Yes
- No

- Don't know / no opinion / not applicable

Question 51.1. What are these issues or barriers due to?

Please select as many answers as you like

- The EU framework
- Restrictions or differential treatment based on the national framework where a fund is domiciled
- Supervisory administrative practices
- Corporate law
- Tax law
- Other

Question 51.2. How have these barriers impacted your investment decisions in funds specifically?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Cross-border mergers and tax-neutrality: Cross-border mergers implemented in accordance with the UCITS Directive 2009/65/EC (Chapter VI) may not always be possible on a tax-neutral basis from an investor perspective. At the investor level, investment fund restructuring transactions, such as investment fund mergers, would generally give rise to an exchange of shares. The tax treatment of these transactions is governed by the national legislation of the jurisdiction in which the investor is resident for tax purposes. These transactions are not systematically eligible for a tax-neutral regime, either because the conditions for applying such a regime are not met or because the relevant national legislation does not provide for such a regime. This aggravates market fragmentation.

Ensuring that Member States have or introduce a tax-neutral regime from which investors in UCITS or AIFs, and in particular retail investors, could benefit in the event of mergers would provide an important tax incentive to retain their investments in investment funds.

Tax incentives in national markets: Tax efficiency is not homogenous across Europe, and certain countries have specific local regimes and structures in place to incentivise investments in specific assets, such as infrastructures, or for specific purposes, such as personal pension plans.

A harmonised approach at EU level to tax incentives in areas identified as priority development areas by the EU (e.g. long-term infrastructure investment, personal pension plans...) could help foster the introduction or ensure that an appropriate number of tax incentives are made available to individuals' resident in each Member State for investment products.

EU action could consist of ensuring that no discrimination is introduced in the taxation of investment products when subscribed by non-residents of Member States (in cases where non-resident can also access those products). In addition, it is important to ensure that investments in non-domestic EU products can benefit from the same tax incentives in an investor's jurisdiction of tax residence as an investment in similar domestic products.

Finally, in this context, and this would be particularly relevant for retirement products, EU action should ensure that such investments for retirement savings do not give rise to double taxation or the absence of taxation on an EU-wide basis due to investors changing their tax residence during their lifetime.

Question 51.3. Where barriers have been identified, please explain how they could be best addressed and provide a ranking having regard to the impact of proposed solutions as high, medium or low priority:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please see our response to question 51.2

Question 52. Do you consider that the scope of investor protection rules under UCITSD, and AIFMD are disproportionate for qualified investors?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 52:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Certain investor protection rules set out in the UCITS Directive and the AIFMD, which are adapted to retail investors, may be disproportionate when applied to institutional investors or (qualified) well-informed investors, who are by definition well aware of the risks associated with different types of investment. The latter category of investors is well known in Luxembourg and in certain other Member States. It would be useful and welcome to reduce and harmonise asset managers' information obligations towards these investors at EU level.

As an example, the requirement to produce and update PRIIPs KIDs for investors in AIFs and UCITS is unnecessarily burdensome and offers limited value to professional or semi-professional investors. While PRIIPs KIDs are technically not required for AIFs sold solely to professional investors, ambiguity remains for "semi-professional" or "well-informed" investors.

Question 53. Do you consider that some investor protection rules should be waved for qualified investors?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 53:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

5.8. Portfolio requirements and investment limits of investment funds

5.8.1. Investment limits – UCITS

Question 54. Do you believe that Article 53 of the UCITS Directive should be amended to extend the possibility for UCITS funds to benefit from increased investment limits in a single issuer, even when the fund does not aim to replicate the composition of an index?

- Yes
- No
- Don't know / no opinion / not applicable

Question 54.1. What safeguards should be considered to ensure that UCITS funds continue to meet high standards of quality and investor protection?

	Yes	No	Don't know / No opinion
a) Should a derogation be limited to funds that use an index as a performance benchmark, in which some equities have weights above 10%?	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Should a derogation be restricted to certain indices and in this case which indices?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
c) Should the 40% diversification rule under Article 52(2) of the UCITS Directive be adapted?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
d) Other safeguards?	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>

Please explain your answer to question 54 and 54.1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We agree that the 40% diversification limit on most significantly represented issuers should remain unchanged, even in the context of a change in the 10% limit, as it represents an appropriate safeguard in the

management of concentration risk.

As a general principle, ALFI would not be in favor of introducing any change to the Level 1 UCITS Directive. Meanwhile, should the Commission be looking to identify what proposed changes would be considered as relevant by the industry, in the event of any contemplated amendments to the UCITS Directive, we would suggest the below elements:

While the derogation set in article 53 of the UCITS Directive was limited to those funds which “aim of the UCITS’ investment policy is to replicate the composition of a certain stock or debt securities index”, we would be of the view that some funds, which may not be index trackers in the sense that they would not aim at performing a line-by-line replication of an index, may have an investment objective tightly related to the performance of a given index.

This is the case for funds which investment objective aim at meeting or exceeding the performance of a specific index, mentioned in the fund rules or instruments of incorporation.

In such cases, should a given issuer, through the positive market effect derived from the high performance of the corresponding stock, represent more than 10% of the index, then the UCITS fund being limited to investing a maximum of 10% of its asset in this given issuer, may suffer a loss of performance due to the gap between the index representation and the fund representation of that issuer.

Therefore, we would be of the view that the derogation in Article 53 should be extended, to include not only the UCITS funds tracking the index on a line by line basis, but also other funds which investment objective is tightly related to the performance of a given index as per their fund rules or instruments of incorporation.

Meanwhile, we agree on the criteria set out in Article 53 with regards to the eligibility of the index (i.e. diversification, representativity and publication).

Question 55. Do you believe that Article 56(2)(b) of the UCITS Directive should be amended to allow UCITS to invest more than 10% in an issue of a single securitisation?

- Yes
- No
- Don't know / no opinion / not applicable

Question 56. Are there any additional concerns or drawbacks to consider regarding the increase of the threshold?

- Yes
- No
- Don't know / no opinion / not applicable

Question 57. Does the 10% issuer limit affect the liquidity management of funds?

- Yes
- No

- Don't know / no opinion / not applicable

Please explain your answer to question 57:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We understand that this question on the 10% issuer limit only refers to Q55 and the 10% limit in Article 56(2) (b) of the UCITS Directive.

As stated in our response to Q55, ALFI would not be in favor of changing the 10% threshold for this issuer limit.

This being said, we would not report any specific concern with regards to liquidity management of the funds, in applying the current 10% limit. Indeed, we could not report any instances where the 10% issuer limit materially impacted the liquidity management of funds.

As mentioned above, we would not be in favor of introducing any change to the Level 1 UCITS Directive. We would like to emphasize that the associated cost of such Level 1 UCITS review and subsequent implementation would significantly exceed the expected benefits for the fund industry.

Question 58. What are the potential cost savings for fund managers (e.g. due diligence costs)?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would not see any specific impact on processes, including due diligence processes, and related costs, triggered by the proposed changes in limits we proposed in the present response to this consultation (i.e. Article 53 of the UCITS Directive).

6. Supervision

This section covers the [European Supervisory Authorities \(ESAs\)](#) with a special focus on the [European Securities and Markets Authority \(ESMA\)](#). It is divided into three parts:

- The first part focuses on the effectiveness of the current framework
- The second part goes into more detail regarding the specific sectors, i.e. [central counterparties \(CCPs\)](#), [central securities depositories \(CSDs\)](#), trading venues, asset managers, and cryptos assets service providers
- The last part covers four horizontal areas: the governance framework for new direct supervisory mandates, supervisory convergence, data and funding

Respondents are invited to provide concrete examples to support their responses, and, where possible, include quantitative and qualitative input.

6.1. Effectiveness of the current framework

Question 1. How effective are current EU supervisory arrangements in achieving the objectives or performing the tasks below?

	1 (least effective)	2 (rather not effective)	3 (neutral)	4 (rather effective)	5 (most effective)	Don't know - No opinion - Not applicable
Contributing to financial stability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The functioning of the internal market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The integrity, transparency, efficiency and orderly functioning of financial markets	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
The enforcement of EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
The prevention of regulatory arbitrage and promotion of equal conditions of competition	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supervisory convergence across the internal market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Development of the Single Rule Book	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Consumer and investor protection	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Support financial innovation in the market	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market monitoring	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Supervisory data management including data sharing	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Responsiveness, transparency	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stakeholder engagement and involvement	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Use of resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Proportionality of the fees for direct supervision	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 2. What prevents the ESAs from reaching the objectives or performing the tasks listed in Question 1?

Please explain your answer:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ESMA's objective (Article 1 of the ESMA Regulation) is to protect the public interest by contributing efficiently to the short, medium and long-term stability and effectiveness of the financial system. ESMA successfully contributes to these missions. In terms of financial stability, ESMA is a reliable source of technical information on risks and developments in EU securities markets.

We have not observed any structural challenges or burdens with the current supervisory framework that would justify a shift to EU-level direct supervision. In accordance with the principle of subsidiarity, EU action should only be taken where it is more effective than governance at national level. The regulatory burdens the industry faces are primarily driven by the amount, complexity and depth of the requirements, rather than the authority in charge of supervision. No evidence has been presented that centralized EU-level direct supervision of asset managers and/or investment vehicles would at all contribute to capital market integration, especially considering that national provisions would continue to govern many aspects of fund operations.

ESMA's effectiveness is currently limited by several structural and operational issues.

- Firstly data sharing remains inadequate, limiting ESMA's ability to support effective, risk-based supervision and cross-border collaboration. Key supervisory data is not consistently shared across national authorities, resulting in fragmented oversight. ESMA should take the lead in centralising and harmonising data collection, ensuring consistency across the EU.
- Secondly ESMA appears to hesitate in the absence of explicit legislative backing e.g. sometimes providing guidance/FAQ or related regulatory inputs without a clear mandate, instead of driving supervisory convergence.
- Thirdly the authority engages in limited dialogue with stakeholders, relying heavily on formal and complex consultations that have to be responded to in a timeframe that is too short and inflexible to gather any meaningful input,
- Lastly ESMA does not have a clear competitiveness mandate to ensure the competitiveness of the EU single market at international level. This has so far prevented ESMA from prioritizing the development of EU capital markets.

Adequate human and operational resources are also essential, including specialized staff and IT systems to support comprehensive oversight. Despite the increased level of engagement, ESMA resources are insufficient to meet the needs at the level of each Member State. Over years of steep learning curves and hands-on experience, NCAs have developed an expertise adapting to local legal environments with the nuances and specificities of each individual national market. We are convinced that any remaining issues arising from unwarranted variation in supervisory practice can be addressed more expediently via existing ESMA convergence tools than by upending the tried and tested supervisory competence structure.

All envisaged policy options (see below under 6.6.) with regard to funds and management companies, ranging from direct ESMA supervision to joint supervisory teams or supervisory colleges, would very likely miss the objective of simplification. As a principle, we are not in favour of a direct centralised supervisory framework for asset managers as this could segment the asset management industry whereby certain

participants would be supervised directly and centrally by ESMA while others other asset managers would remained supervised by the respective local NCAs. Such a dual approach would fragment the EU single market and create even more inconsistency than currently exists. Ultimately, it would undo almost 50 years of building a single European market for investment funds.

The options have the potential to significantly lengthen the time-to-market of investments funds, introduce functional duplication between ESMA's and NCA's tasks, and increase legal and operational complexity of asset management supervision. Close and responsive interaction between supervisors and firms—especially new entrants— is crucial, ideally supported by shared language and legal understanding. In sum, we expect an increase in the regulatory costs borne by the industry without corresponding benefit. We also would like to remind the fact that the transition to a single supervision would take between 8 and 10 years to put in place based on the experience from the banking union. There, we take this opportunity to caution against a premature and largely experimental transfer of powers to the EU level and urge the Commission to conduct a robust cost-benefit assessment prior to issuing any increase of the scope of ESMA direct supervision.

Question 3. Please assess ESMA's governance model currently in place for the direct supervisory mandates.

Currently, the Board of Supervisors adopts supervisory decisions prepared either by ESMA staff (for example for CRAs) or the CCP supervisory committee (for tier 2 third country CCPs).

You may want to consider elements, such as ability to take decisions swiftly, independent decision in EU public interest, quality of the decisions being taken, ability to take into account supervised entities and other stakeholders:

- 1 - Not at all effective
- 2 - Rather ineffective
- 3 - Neutral
- 4 - Rather effective
- 5 - Very effective
- Don't know / no opinion / not applicable

Please explain your answer to question 3, considering all the elements provided above:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

6.2. Specific questions on supervisory arrangements for different sectors

Question 4. Do you have ideas how EU-level supervision of financial markets could be structured (for example the whole or part of the sector should be supervised at EU level, supervisory decisions could be taken at EU level or national, etc.)?

- Yes
- No
- Don't know / no opinion / not applicable

Question 4.1. Please explain your ideas and explain what broad changes they would involve:

in terms of supervisory architecture and supervisors' responsibilities:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

in terms of supervisors' approach to exercise their mandates and processes:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

in terms of improved cooperation among supervisors:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We would like to highlight the effectiveness of the current supervisory framework, which has proven successful in many respects. Rather than replacing it, it should be built on this foundation by enhancing data sharing, e.g. reporting of data could be centralized, and cooperation between supervisory authorities through the introduction of enhanced convergence on formats and mechanisms for sharing relevant information. The necessary tools already exist, but their use can be significantly optimized.

Supervisory colleges are already being used for a limited number of large asset managers for information sharing purposes between NCAs across jurisdictions. Extending the use of these colleges would require a better understanding by the industry of the objectives of these tools.

Question 5. Some NCAs have developed advanced expertise or specialisation in supervising certain sectors.

What is your view on building on these NCAs and creating EU centres of supervisory expertise by sectors?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The existing expertise at national level is delivering tangible value—so the question is not why this should be changed, but how it can be built on it. In Luxembourg, for instance, deep know-how and experience has been developed in relation of investment funds and asset management, distribution, and regulation over several decades. This expertise is a key asset that can be leveraged more effectively across the EU. Instead of creating entirely new EU centers of supervisory expertise, it should be focused on improving and optimizing the mechanisms already in place. Luxembourg’s leadership in cross-border UCITS and AIFMD compliance, for instance, could serve as a model and intelligence-gathering for other jurisdictions. If it were envisaged to leverage the expertise of some EU centres, Luxembourg should certainly be considered as a centre of excellence for investment funds and asset management. However these centres of expertise should not be granted decisional powers over supervisory tasks as this would risk creating or adding another layer of complexity that could lead to fragmentation of responsibilities.

Tools such ESMA’s Common Supervisory Actions (CSAs) and peer reviews provide ready-made platforms to enhance supervisory convergence, draw on successful national models, reduce fragmentation, and foster practical cooperation among Member States. More use should be made of them.

Question 6. Do you think supervision of EU financial markets would benefit from pooling together resources and expertise of individual NCAs in regional hubs?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We consider that the sharing of resources and information in pursuit of greater transparency, facilitating the exchange of information and sharing regulatory know-how would be beneficial. To that end, better coordination and sharing of expertise between NCAs is essential. It allows national supervisors to benefit from each other’s strengths while maintaining national insights and responsiveness. Common supervisory colleges can play an important role in implementing such pooling efforts and reinforcing coordinated oversight across the EU while preserving the autonomy and specific expertise and supervision powers of each NCA.

For example, Luxembourg’s deep expertise in cross-border fund distribution and alternative investment funds, France’s experience with retail investor protection, or Ireland’s specialization in fund administration can all contribute meaningfully to a collective supervisory effort without the need for centralized supervision.

Creating regional hubs may add an unnecessary complexity to the supervisory architecture. A complex

supervisory structure that would split responsibilities among different supervisors and bodies, which could happen in a scenario of multiple regional hubs, would risk fragmentation and loss of effectiveness.

Question 7. What is your view on setting up regional hubs of ESMA to ensure closer interaction with market participants?

Please explain your reply highlighting benefits and downsides

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The current supervisory model, where NCAs serve as key implementation hubs under ESMA's coordination, has demonstrated its effectiveness across the EU. NCAs combine in-depth knowledge of their domestic markets with the ability to apply and adapt ESMA guidance to national contexts. This setup has enabled both consistency and flexibility, crucial for a diverse and evolving European financial landscape.

Setting up regional hubs for ESMA could risk adding bureaucratic complexity and slowing down decision-making processes. In today's fast-changing financial landscape where agility, responsiveness, and proximity to market developments are critical to preserve competitiveness, such centralization may not align with the need for a more dynamic and adaptive supervisory culture, especially if it comes at the expense of timely interventions.

The current framework has successfully delivered this agility while upholding financial stability and ensuring strong investor and consumer protection. NCAs, with their deep local knowledge and operational flexibility, are better positioned to respond quickly to emerging risks and innovations. Preserving this current expertise with NCAs while improving coordination through existing tools as outlined in previous question offers a more efficient and practical path forward than creating new regional layers.

6.3. Questions on the supervision of EU CSDs

6.3.1. Identifying costs related to the current supervisory framework and benefits of more integrated EU supervision

Question 8. How would you rate the convergence of supervisory practices across Member States in the area of the supervision of CSDs?

- 1 - Very convergent
- 2 - Rather convergent
- 3 - Neutral
- 4 - Rather divergent
- 5 - Very divergent
- Don't know / no opinion / not applicable

Please provide examples of divergent outcomes of supervisory practices for CSDs in different Member States:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

This question would be better answered to by ALFI members.

Question 9. Please estimate the regulatory compliance costs (including administrative costs – such as staff costs, facilities costs, travel, IT technology costs –, professional fees – such as legal, accounting, consulting, etc. –, and applicable fees) that arise from engagement with your current supervisor(s).

Please separate any details on costs into fees and compliance, one-off cost and on-going costs and per supervisor.

Please explain your answer providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 9.1. In particular, please provide, where possible, details on the cost of the following elements:

	Details on the cost
a) Applications for the initial authorisation of CSDs	
b) Applications for the extension of services or outsourcing of core services	
c) Supervisory processes/approvals, e.g. with regards to provision of services in host Member States, links, provision of banking-type ancillary services	
d) Involvement and consultations of different bodies, supervisors, central banks, and further authorities in supervisory decisions	
e) Ongoing compliance with Regulation (EU) No 909/2014, including reports and contacts with bodies, supervisors and authorities	
f) Lack of consistent processes (e.g. different actors involved) across different supervisory procedures	

g) Legal uncertainties arising from different implementation or interpretations of EU Regulations in different Member States or between Member State authorities and ESMA	
h) Duplicative or conflicting instructions from national supervisory authorities and ESMA	
i) Reporting of business and activities	
j) Other (please specify)	

Question 10. Do you consider that the current supervisory framework ensures efficient supervision and legal certainty?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 10, providing examples, where possible:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 11. To which extent do you agree with the following statements about possible benefits of more integrated EU supervision?

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) It could reduce EU CSDs' regulatory costs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) It could enhance the quality of supervision over EU CSDs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) It could facilitate the provision of cross-border services by EU CSDs, and cross-border issuance by EU issuers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) It could simplify and accelerate the procedure to apply for authorisation for EU CSDs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) It could simplify and accelerate the procedure for additional authorisations (e.g) to extend the scope of services or activities offered in the EU or to outsource EU CSD core services)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) It could simplify and accelerate supervisory procedures and approvals, e.g) with regard to the provision of services by EU CSDs in host Member States, links and provision of banking-type ancillary services	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) It could lead to more efficient use of supervisory resources	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

h) It could decrease uncertainties that currently arise from different implementation or interpretations of EU Regulations in different Member States or by Member States and ESMA	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) It would remove the need for market actors to deal with duplicative instructions from more than one supervisory authority	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) It could create a level playing field between EU CSDs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) It could ensure a harmonised understanding of decentralised technologies and the novel risks they may bring to the EU CSDs to supervise	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l) It could improve the resilience of EU CSDs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
m) It could reduce the need for detailed regulations and extensive rulebooks to achieve harmonised supervision	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
n) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 11. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. d), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. e), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. f), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. g), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. h), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. i), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. j), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. k), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. l), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 11. m), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 12. Do you consider that more integrated EU supervision could also produce negative side-effects?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 12:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Over the years, NCAs have developed a specific knowledge of their respective market with regard to the ecosystem and products at stake which differ from one jurisdiction to another. Centralized supervision would not offer this type of market knowledge with corresponding reactivity, and would imply extra-cost.

Question 13. Do you have other comments on the current CSDs supervisory framework and benefits of more integrated EU supervision?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

6.3.2. How could more integrated EU supervision of CSDs function?

Question 14. Please indicate to which extent you support the following possible models of more integrated EU supervision:

	1 (strongly support)	2 (rather support)	3 (neutral)	4 (rather not support)	5 (strongly not support)	Don't know - No opinion - Not applicable
a) A single EU supervisor, responsible for the supervision of all EU CSDs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) A centralised EU supervisor, responsible for the supervision of only certain, systemic EU CSDs (other CSDs to remain subject to national supervision)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) A centralised EU supervisor over all EU CSDs, but with powers in certain key areas with other powers remaining at national level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) A centralised EU supervisor, responsible for the supervision of only certain, systemic EU CSDs and with powers in certain key areas (other powers, as well as non-systemic EU CSDs to remain subject to national supervision)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Supervisory colleges with enhanced powers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Other set-up	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 14. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

Please explain your answer to question 14. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

On model b), please explain which criteria you would use to determine the most systemic CSDs that would be subject to the supervision at the EU level e.g. ICSDs, CSDs that are substantially important for a certain number of host Member States, passing some pre-defined volume activity threshold:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 14. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

On model c), please identify the areas where more integrated EU supervision would provide the most benefits (please indicate the relevant articles of CSDR where applicable):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 14. d), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

On model d), please identify the areas where more integrated EU supervision would provide the most benefits (please indicate the relevant articles of CSDR where applicable):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 14. e), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

Question 15. Would joint supervisory teams, e.g. under options (c) and (d) in question 14, composed of national experts and representatives of the EU supervisor, under the EU supervisor's lead, be an efficient tool to provide technical support of the supervision by the EU level supervisor?

- 1 - Strongly agree
- 2 - Rather agree
- 3 - Neutral
- 4 - Rather disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Please explain your answer to question 15:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

Question 16. To ensure stronger EU-level supervision of CSDs, which of the following authorities or bodies should be closely involved in supervision?

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) ESMA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) EBA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
c) Relevant authorities as defined in CSDR	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) The Eurosystem	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Competent authorities of other Member States	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Supervisory colleges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) The competent authority designated under MiFID	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) The competent authority designated under the CRR	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 16. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

Please explain your answer to question 16. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

Please explain your answer to question 16. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

Please explain your answer to question 16. d), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

Please explain your answer to question 16. e), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 16. f), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

Please explain your answer to question 16. g), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

Please explain your answer to question 16. h), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

Question 17. How would you expect your compliance cost to change under the supervisory model you chose in question 14?

- Strong increase: +20% or more
- Increase: +5-20%

- Neutral: +/- 0-5%
- Decrease: -5-20%
- Strong decrease: -20% or more
- Don't know / no opinion / not applicable

Please explain the reasoning for your answer to question 17, providing, as much as possible, quantitative evidence (e.g. your calculations of the evolution of your costs, splitting them between administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc), supervisory fees, etc.:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 12.

6.4. Questions on the supervision of EU CCPs

6.4.1. Identifying the costs of the current supervisory framework and benefits of more integrated EU supervision

Question 18. How would you rate the convergence of supervisory practices across Member States in the area of the supervision of CCPs?

- 1 - Very convergent
- 2 - Rather convergent
- 3 - Neutral
- 4 - Rather divergent
- 5 - Very divergent
- Don't know / no opinion / not applicable

Please provide examples of divergent outcomes of supervisory practices for CCPs in different Member States:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 19. Please estimate the regulatory compliance costs (including administrative costs – such as staff costs, facilities costs, travel, IT technology costs –, professional fees – such as legal, accounting, consulting, etc. –, and applicable fees) that arise from engagement with your current supervisor(s).

Please separate any details on costs into fees and compliance, one-off cost and on-going costs and per supervisor.

Please explain your answer providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Over the years, NCAs have developed a specific knowledge of their respective market with regard to the ecosystem and products at stake which differ from one jurisdiction to another. Centralized supervision would not offer this type of market knowledge with corresponding reactivity, and would imply extra-cost.

Question 19.1. In particular, please provide, where possible, details on the cost of the following elements:

	Details on the cost
a) Involvement and consultations of different bodies (e.g. colleges), supervisors, central banks, and further authorities in supervisory decisions	
b) Ongoing compliance with Regulation (EU) No 648/2012, including reports and contacts with bodies (e.g. colleges), supervisors and authorities	
c) Lack of consistent processes (e.g. different actors involved) across different supervisory procedures	
d) Legal uncertainties arising from different implementation or interpretations of EU Regulations in different Member States or between Member State authorities and ESMA	
e) Duplicative or conflicting instructions from national supervisory authorities and ESMA	

f) Reporting of business and activities other than transaction-level reporting under EMIR Article 9

g) Other (please specify)

Question 20. To which extent do you agree with the following statements about possible benefits of more integrated EU supervision?

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) It could reduce EU CCPs' regulatory costs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) It could enhance the quality of supervision over EU CCPs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) It could simplify and accelerate the procedure to apply for authorisation to provide clearing services in the EU	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) It could simplify and accelerate the procedure for additional authorisations (e.g. to extend the scope of services or activities offered in the EU)	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) It could simplify and accelerate validation procedures for risk models and parameters	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) It could simplify and accelerate the procedures for obtaining supervisory approvals, e.g. with regard to outsourcing	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) It could lead to more efficient use of supervisory resources	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) It would decrease uncertainties that currently arise from different implementation or interpretations of EU Regulations in different Member States or by Member States and ESMA	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

i) It would remove the need for market actors to deal with duplicative instructions from more than one supervisory authority	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) It would create a level playing field between EU CCPs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) It would create a level playing field between EU CCPs on the one hand and third-country CCPs on the other hand	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l) It would improve EU capacity to deal with the cross-border risks arising from greater amounts of clearing in the EU	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
m) It could ensure a harmonised understanding of decentralised technologies and the novel risks they may bring to the CCP to supervise	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
n) It could improve the resilience of EU CCPs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
o) It would reduce the need for detailed regulations and extensive rulebooks to achieve harmonised supervision	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
p) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 20. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. d), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. e), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. f), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. g), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. h), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. i), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. j), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. k), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. l), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. m), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. n), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 20. o), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 21. Do you consider that more centralised EU supervision could also produce negative side-effects?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 21:

5000 character(s) maximum

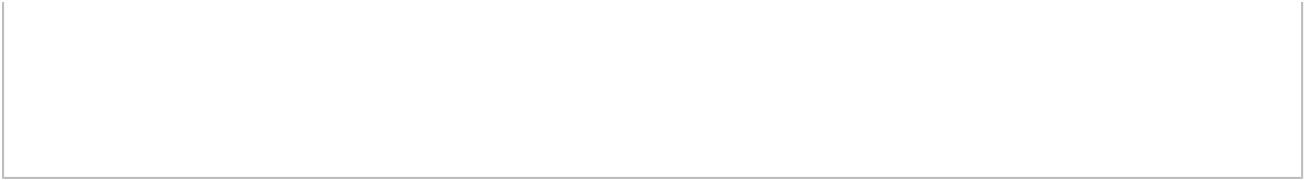
including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Over the years, NCAs have developed a specific knowledge of their respective market with regard to the ecosystem and products at stake which differ from one jurisdiction to another. Centralized supervision would not offer this type of market knowledge with corresponding reactivity, and would imply extra-cost.

Question 22. Do you have other comments on the CCPs current supervisory framework and benefits of more integrated EU supervision?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.



6.4.2. How could more integrated EU supervision function?

Question 23. Please indicate to which extent you support the following possible models of more integrated EU supervision of CCPs:

	1 (strongly support)	2 (rather support)	3 (neutral)	4 (rather not support)	5 (strongly not support)	Don't know - No opinion - Not applicable
a) A single EU supervisor with all supervisory powers, responsible for the supervision of all EU CCPs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) An EU supervisor with powers in certain key areas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Supervisory colleges with enhanced powers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Other set-up	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 23. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to the response to question 21.

Please explain your answer to question 23. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to the response to question 21.

Please explain your answer to question 23. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to the response to question 21.

Please specify to what other set-up(s) you refer in your answer to question 23, and provide, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to the response to question 21.

Question 24. Would joint supervisory teams, composed of experts of national experts and representatives of the EU supervisor, be an efficient tool to provide technical support to the supervision by the single supervisor?

- 1 - Strongly agree
- 2 - Rather agree
- 3 - Neutral
- 4 - Rather disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Please explain your answer to question 24:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to the response to question 21.

Question 25. To ensure stronger EU-level supervision, which of the following authorities or bodies should be closely involved in supervision?

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) European Central Bank and the relevant central banks of issue of Member States	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) ESMA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Single Supervisory Mechanism and other bank supervisors for non-Banking Union Member States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Competent authorities of other Member States	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Supervisory colleges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 26. To ensure stronger EU-level supervision, where should the centre of gravity of supervisory activity be allocated?

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) European Central Bank and the relevant central banks of issue of Member States	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) ESMA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Single Supervisory Mechanism and other bank supervisors for non-Banking Union Member States	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Competent authorities of other Member States	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Supervisory colleges	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 26. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to the response to question 21.

Please explain your answer to question 26. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to the response to question 21.

Please explain your answer to question 26. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to the response to question 21.

Please explain your answer to question 26. d), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to the response to question 21.

Please explain your answer to question 26. e), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to the response to question 21.

Question 27. How would you expect your compliance cost to change under the supervisory model you chose in question 23:

- Strong increase: +20% or more
- Increase: +5-20%
- Neutral: +/- 0-5%
- Decrease: -5-20%
- Strong decrease: -20% or more
- Don't know / no opinion / not applicable

Please explain the reasoning for your answer to question 27, providing, as much as possible, quantitative evidence (e.g. your calculations of the evolution of your costs, splitting them between administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc), supervisory fees, etc.:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

6.5. Questions on the supervision of significant EU trading venues

6.5.1. Identifying the pros and cons of the current supervisory framework and possible benefits of a more integrated EU supervision

Question 28. How would you rate the convergence of supervisory practices across Member States in the area of the supervision of trading venues?

- 1 - Very convergent
- 2 - Rather convergent
- 3 - Neutral
- 4 - Rather divergent
- 5 - Very divergent
- Don't know / no opinion / not applicable

Please provide examples of divergent outcomes of supervisory practices for trading venues in different Member States

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 29. To which extent do you agree with the following statement about the pros and cons of the current supervisory framework for trading venues in the EU, compared to a possibly more integrated EU supervisory framework?

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) The current supervisory framework enables an efficient supervision thanks to the proximity of NCAs with the supervised entities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) It results in sufficiently consistent supervision over EU trading venues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) It is optimal in terms of regulatory costs for trading venues (i.e. it allows costs to be kept to a minimum)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) It allows an efficient use of national and EU supervisory resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) It creates an uneven playing field for EU trading venues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) It creates legal uncertainty because of different implementation or interpretation of EU legislation in different Member States or by NCAs and ESMA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) It does not allow an effective supervision for groups operating across EU-borders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

h) It prevents economies of scale for trading venues with operations cross-border	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) It makes it more complex and costly for EU trading venues to develop their activities across borders	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) It makes it more difficult for EU trading venues to attract market participants	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 29. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 29. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 29. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 29. d), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 29. e), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 29. f), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 29. g), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 29. h), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 29. i), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 29. j), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 30. Please estimate the regulatory compliance costs (including administrative costs – such as staff costs, facilities costs, travel, IT technology costs –, professional fees – such as legal, accounting, consulting, etc. –, and applicable fees) that arise from engagement with your current supervisor(s).

Please separate any details on costs into fees and compliance, one-off cost and on-going costs and per supervisor.

Please explain your answer providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 30.1. In particular, please provide, where possible, details on the regulatory compliance costs that arise from engagement with your current supervisor(s) on the following elements:

	Details on the cost
a) The authorisation to operate an (additional) trading venue	
b) The development of or changes to the exchange rulebook, including regulatory approval where relevant	
c) Ongoing compliance with MiFIR/MiFID II and national implementing measures; specify which one	
d) For groups operating across borders, compliance with different supervisory requirements and procedures	
e) Legal uncertainties arising from different implementation or interpretation of EU legislation in different Member States or between NCAs and ESMA	
f) Duplicative or conflicting instructions from NCAs and ESMA	

g) Duplicative or conflicting reporting obligations towards different supervisors

h) Other (please specify)

Question 31. To which extent do you agree with the following statements about possible benefits of more integrated EU supervision?

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) It could reduce EU trading venues' regulatory costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) It could enhance the quality and consistency of supervision over EU trading venues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) It could facilitate cross-border activities of trading venues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) It could increase the effectiveness of supervision for groups allowing for a comprehensive EU-wide understanding of the activities performed by each individual trading venue	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) It could simplify and accelerate the procedure to apply for (additional) authorisation for EU trading venues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) It could simplify and/or accelerate procedures for obtaining supervisory approvals	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) It could simplify and/or accelerate the procedure for obtaining the agreement for amendments to the exchange rulebooks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) It could lead to more efficient use of supervisory resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

i) It could decrease uncertainties currently arising from different implementation or interpretation of EU legislation in different Member States or by NCAs and ESMA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) It could remove the need for market participants to deal with duplicative instructions from more than one supervisory authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) It could create a level playing field between EU trading venues in scope	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l) It could ensure a harmonised understanding of new technology /new types of instruments (e.g. smart contracts) used by EU trading venues and the novel risks they may bring to the EU trading venues to supervise	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
m) It could reduce the need for detailed regulations, extensive rulebooks, as well as the use of Level 3 tools (e.g. Q&As) to achieve harmonised supervision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
n) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 31. a), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. b), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. c), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. d), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. e), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. f), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. g), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. h), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. i), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. j), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. k), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. l), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 31. m), providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please specify to what other statement(s) you refer in your answer to question 31. n), and explain your answer providing, where possible, examples and quantitative evidence, in particular as regards potential costs and savings/benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

6.5.2. How could more integrated EU supervision function?

Question 32. Please indicate to which extent you support the following possible models of more integrated EU supervision.

Note: the models are not mutually exclusive. E.g. an EU-level supervisor could be responsible for the supervision of all trading venues and have all or only some of the MiFID/R powers:

	1 (strongly support)	2 (rather support)	3 (neutral)	4 (rather not support)	5 (strongly not support)	Don't know - No opinion - Not applicable
a) An EU-level supervisor, responsible for the supervision of all EU trading venues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) An EU-level supervisor, responsible for the supervision of certain EU trading venues according to certain criteria described in the next section	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) An EU-level supervisor with all MiFID/R supervisory powers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) An EU-level supervisor with powers in certain key MiFID/R areas	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Joint supervisory colleges with enhanced powers ^[1]	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Other set-up	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

¹ Under this model, NCAs would retain supervisory powers. Yet, entity-specific supervisory colleges consisting of representatives of ESMA and the NCAs that are relevant for the trading venue under scrutiny could issue opinions on a pre-defined list of supervisory topics. This would be complemented by the supervisory convergence tools and joint inspections with NCAs and ESMA representatives.

Please explain your answer to question 32. a), providing, where possible, examples and quantitative evidence, including on potential costs and benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 32. b), providing, where possible, examples and quantitative evidence, including on potential costs and benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 32. c), providing, where possible, examples and quantitative evidence, including on potential costs and benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 32. d), providing, where possible, examples and quantitative evidence, including on potential costs and benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 32. e), providing, where possible, examples and quantitative evidence, including on potential costs and benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 33. In the case of a single EU-level supervisor (a, b, c and d in question 32), to which extent would you support the two possible models described below?

Model a) ESMA is the direct supervisor, with decisions taken by the ESMA Board of Supervisors and certain tasks delegated to NCAs:

- 1 - Strongly support
- 2 - Rather support
- 3 - Neutral
- 4 - Rather not support
- 5 - Strongly not support
- Don't know / no opinion / not applicable

Please explain your answer on model a):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Model b) Within ESMA, a Supervisory Committee composed of representatives of ESMA, relevant NCAs and possibly independent experts is in charge of the on-going supervision. The ESMA Board of Supervisors could retain decision making powers on a limited number of important MiFID/R issues:

- 1 - Very unsatisfied
- 2 - Unsatisfied
- 3 - Neutral
- 4 - Satisfied
- 5 - Very satisfied
- Don't know / no opinion / not applicable

Please explain your answer on model b):

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 34. Would joint supervisory teams, composed of experts of NCAs and representatives of ESMA, under ESMA's lead be an efficient tool to achieve a more harmonised and efficient ongoing supervision of trading venues?

- 1 - Strongly agree
- 2 - Rather agree
- 3 - Neutral
- 4 - Rather disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Please explain your answer to question 34:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 34.1. If you consider that none of the above presented options would be adequate for (certain) trading venues, which alternative supervisory model would you support?

Please explain your answer providing, where possible, examples and quantitative evidence, including on potential costs and benefits:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 35. How would you expect your regulatory compliance costs arising from engagement with your current supervisor (as defined in Question 30) to change if your trading venue(s) would fall under one of the following models of more integrated EU supervision?

	Strong increase: +20% or more	Increase: +5-20%	Neutral: +/- 0-5%	Decrease: -5-20%	Strong decrease: -20% or more	Don't know - No opinion - Not applicable
a) An EU-level supervisor with all MiFID/R powers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) An EU-level supervisor with some MiFID/R powers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Joint supervisory colleges with enhanced powers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 35. a), providing, as much as possible, quantitative evidence (e.g. your calculations of the evolution of your costs, splitting them between administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc), supervisory fees, etc.

Should the estimation of your costs differ depending on the type of single EU-level supervisor (see question 33), please specify:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 35. b), providing, as much as possible, quantitative evidence (e.g. your calculations of the evolution of your costs, splitting them between administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc), supervisory fees, etc.

Should the estimation of your costs differ depending on the type of single EU-level supervisor (see question 33), please specify:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 35. c), providing, as much as possible, quantitative evidence (e.g. your calculations of the evolution of your costs, splitting them between administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc), supervisory fees, etc.

Should the estimation of your costs differ depending on the type of single EU-level supervisor (see question 33), please specify:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

6.5.3. How could the potential scope of a possible EU-level supervision be defined?

Question 36. Which criteria should be used to define the scope of trading venues that should fall under EU-level supervision?

- i) Only trading venues that are deemed significant based on their size or owing to their third country dimension (i.e. trading venues belonging to non-EU groups)
- ii) Only trading venues with a significant cross-border dimension within the EU
- iii) Only trading venues that fulfil both above criteria
- iv) Other
- Don't know / no opinion / not applicable

Please explain your answer to question 36:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 37. Assuming competences are split between an EU-level supervisor responsible for the supervision of significant relevant trading venues and NCAs responsible for the supervision of less significant institutions ('LSI'), do you believe that the EU-level supervisor should also have any oversight function with respect to LSI supervision?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 37:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 38. Among the following options to determine if entities belonging to the same group should be in scope of EU-level supervision, please indicate which one you would most support:

- i) If a trading venue belonging to a group is in scope of EU-level supervision, all trading venues located in the EU and belonging to that group should be in scope, irrespective of whether the quantitative criteria for being in scope are met for each of these individual trading venues
- ii) Only EU trading venues of a group that individually reach the criteria should be in scope
- iii) Quantitative criteria should be calculated on the basis of a group and hence all EU trading venues belonging to that group should be in the scope
- iv) Other
- Don't know / no opinion / not applicable

Please explain your answer to question 38:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Significance criterion based on size

Question 39. What should be the appropriate criteria in terms of size to assess the significance of a trading venue(s) for the purpose of EU-level supervision?

If you responded (iii) to question 38, the reference to a trading venue should be understood as a reference to a group.

- i) Trading volume (in EUR) of the trading venue relative to the total volume traded in the EU for all asset classes (e.g. shares, bonds, etc) is equal or higher than a certain percentage
- ii) Trading volume (in EUR) of the trading venue relative to the total volume traded in the EU for only some but not all asset classes is equal or higher than a certain percentage.
- iii) Trading volume (in EUR) of the trading venue relative to the total volume traded in the EU for at least one asset class is equal or higher than a certain percentage.
- iv) Other
- Don't know / no opinion / not applicable

Question 40. Depending on your reply to question 39, in your view, what should be the appropriate percentage range?

- 5-10%
- 10-30%
- 30-50%
- Other
- Don't know / no opinion / not applicable

Please explain your reasoning for your answer to question 40, providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 41. Do you consider that the application of the above criteria could also produce negative side-effects or lead to unintended results?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 41:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Cross-border criterion

Question 42. In your view, what would be the appropriate criteria to assess the cross-border dimension of a trading venue for the purpose of EU-level supervision?

- a) *Cross-market activity:*

More than [X %] of the trading activity on the trading venue occurs in instruments [shares, bonds] whose most relevant market in terms of liquidity is located in another Member State

- b) *Cross border activity within a group:*

Trading venues belonging to a group are located in at least [Y] Member States other than the Member State where the headquarters of the group are located

- c) *Cross border members or participants:*

More than [Z%] of members of or participants in a trading venue are established in Member States other than the Member State where the trading venue is established

- d) Any of the previous criteria
- e) All of the previous criteria

- f) Other criteria
- Don't know / no opinion / not applicable

Please explain your answer to question 1 and provide quantitative thresholds for your preferred option(s) above, expressed in percentages for X and Z (42 (a) and 42 (c)) and in numbers of Member(s) (States) for Y) (42 (b)).

Please also provide quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 43. Should it be possible for a trading venue to opt-in into EU-level supervision even though it does not meet the relevant criteria?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 43:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 44. Please indicate for the following areas of MiFID II to which extent you agree/disagree that EU-level supervision of (certain) trading venues could provide benefits.

Certain powers may be logically bundled.

A non-exhausting list of relevant articles is provided in brackets:

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) Authorisation/withdrawal of authorisation for regulated market /MTF/OTF (e.g. Articles 5, 7, 8 and 44 of MiFID II)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Requirements on management bodies, shareholders and members with qualifying holdings and those exercising a significant influence (e.g. Articles 9, 10, 11, 12, 13, 44 and 45 of MiFID II)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) General organisational requirements, conflict of interests and ongoing supervision (e.g. Articles 16, 21, 22, 23, 47, 48, 49 and 54 of MiFID II)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Trading process in MTF, OTF and regulated market, admission of financial instruments to trading (e.g. Articles 18, 19, 20, 51 and 53 of MiFID II)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Market transparency and integrity (e.g. Articles 31, 32 and 52 of MiFID II)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

f) SME growth markets (e.g. Article 33 of MiFID II)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) Rights of investment firms (cross-border provision of services) and provisions regarding CCP and clearing and settlement arrangements (e.g. Articles 34, 36, 37, 38 and 55 of MiFID II)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) Commodity derivatives regime (e.g. Articles 57 (8) and 58 of MiFID II)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Supervisory powers (e.g. Article 69 of MiFID II)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) Sanctions (e.g. Articles 70, 71, 72 and 73 of MiFID II)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) Group level supervision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l) Provisions related to prevention or detection of cases of market abuse pursuant to Regulation (EU) 596/2014, e.g. analysing and referring suspicious transactions to NCAs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
m) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 44. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 44. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 44. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 44. d), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 44. e), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 44. f), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 44. g), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 44. h), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 44. i), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 44. j), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 44. k), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 44. l), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 45. Please indicate for the following areas of MiFIR to which extent you agree/disagree that EU-level supervision of (certain) trading venues could provide benefits.

This is notwithstanding that certain powers may be logically bundled.

A non-exhausting list of indicative relevant articles is provided in brackets:

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) Transparency requirements for equity and non-equity instruments (e.g. Articles 4, 7, 9, 11 and 11a of MiFIR)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Transmission of data, obligation to maintain recording and report transactions (e.g. Articles 22, 22a, 22b, 22c, 25 and 26 of MiFIR)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Non-discriminatory access to a CCP and to a trading venue (e.g. Articles 35 and 36 of MiFIR)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 45. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 45. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 45. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

6.6. Questions on the supervision of funds and asset managers

6.6.1. Identifying costs related to current supervisory framework and benefits of more integrated EU supervision

Question 46. How would you rate the convergence of supervisory practices across Member States in the area of the supervision of funds and asset managers?

- 1 - Very convergent
- 2 - Rather convergent
- 3 - Neutral

- 4 - Rather divergent
- 5 - Very divergent
- Don't know / no opinion / not applicable

Please explain the reasoning for your answer to question 46 and provide examples of divergent outcomes of supervisory practices for funds and asset managers in different Member States:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

In general, we believe there are several specificities in Member States that cannot be addressed at EU level. The NCAs are the best placed to supervise those. Member States' are observing each other's' local regulatory and supervisory practices, also to preserve the competitiveness of their respective markets, and their practices tend to rather converge. We therefore believe that the current framework works well. Nevertheless, some divergences remain. Examples have been listed in Section 5.

In practice, branches of EU entities are sometimes treated inconsistently across jurisdictions, with host regulators imposing additional requirements beyond what is mandated under EU law. This presents challenges and highlights the need for improved coordination and clear guidelines to define the respective competencies of home and host states. For example, local regulators may require mandatory audits for branches without clients. Better coordination and clearer delineation of responsibilities could help avoid redundant and burdensome requirements. This issue could be addressed within ESMA's coordination groups. Clarifying and harmonising expectations around host state supervision would help reduce these burdens while maintaining robust investor protections.

ALFI is of the opinion that whenever issues or inconsistencies between different Member States are identified, those can be escalated to ESMA, which remains an ideal forum for discussions among regulators with the aim of fostering a coherent approach in regulation, supervision and enforcement.

Question 47. Please estimate the regulatory compliance costs^[2] (including the applicable fees) for UCITS funds, their fund managers and AIFMs that arise from engagement with your current supervisor(s)

Please separate any details on costs into fees and compliance, one-off cost and on-going costs and per supervisor.

Please explain your answer providing, where possible, quantitative evidence and examples:

² including administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc.), and supervisory fees.

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Administrative costs (staff costs, facilities costs, travel, IT technology costs) and professional fees (e.g. legal, accounting, consulting, etc. cannot be objectively quantified, as they vary significantly based on the type of investment funds (UCITS vs. AIFs), the asset manager's structure in terms of distribution model and the type of investments.

Supervisory costs are specific to each Member State and this information is publicly available. In Luxembourg, the Grand-ducal Regulation of 23 December 2022 relating to the fees to be levied by the Commission de Surveillance du Secteur Financier details the fees to be levied by the CSSF to cover its staff, financial and operating costs.

Based on our members' experience, most of the new costs incurred originate from the implementation of new EU regulatory initiatives and requirements imposed at the EU level. It is clear that any structural change would drive costs considerably higher, without necessarily reducing the overall financial burden. More generally, we note that regulatory compliance costs for funds and managers have been steadily increasing. A truly efficient market is particularly hampered by high operational, legal and administrative costs, including those paid to external service providers. The more regulation there is, the less money is available for the real investment business.

We hope that this consultation and other initiatives at EU level will help to achieve the goals of efficiency and simplification that are urgently needed for the capital market to remain competitive.

For more details on non-compliance costs, our members are better placed to respond.

Question 47.1. In particular, please provide, where possible, details on the regulatory compliance costs that arise from engagement with your current supervisor(s) on the following elements:

	Details on the cost
b) Applications for approvals of UCITS sub-funds	
c) Notifications or applications for the extension of services of an asset manager (e.g. to extend the scope of services or products offered or activities performed in the EU)	
d) Notifications to home Member State NCAs to market UCITS funds and AIFs in host Member States	
e) Notifications to Member State NCAs relating to UCITS funds' and AIFs' marketing material	
f) Notifications to Member State NCAs where changes are made to UCITS and AIF fund documentation, e.g. the KIID	
g) Supervisory approvals for fund managers, e.g. with regard to outsourcing	

h) Involvement and consultations of different bodies (e.g. colleges), supervisors, central banks, and further authorities in supervisory decisions	
i) Lack of consistent processes (e.g. different actors involved) across different supervisory procedures	
j) Legal uncertainties arising from different implementation or interpretations of the EU regulatory framework in different Member States or between Member State authorities and ESMA	
k) Duplicative or conflicting instructions from NCAs and ESMA	
l) Other (please specify)	

Question 48. To which extent do you agree with the following statements about possible benefits of more integrated EU supervision?

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) It could reduce UCITS funds, their fund managers' and AIFMs' regulatory costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
b) It could enhance the quality of supervision over UCITS funds, their fund managers and AIFMs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
c) It could simplify and accelerate the procedure to apply for authorisation of UCITS funds, their fund managers and AIFMs in the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
d) It could simplify and accelerate the procedure for additional authorisations of managers (e.g. to extend the scope of services or activities offered in the EU)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
e) It could simplify and accelerate the procedures for marketing UCITS funds and AIFs in the single market (outside the home Member State of the fund)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) It could simplify and accelerate the procedures relating to regulatory notifications and approvals of marketing materials and changes to fund documentation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

g) It could simplify and accelerate the procedures for obtaining supervisory approvals, e.g. with regard to outsourcing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
h) It could lead to more efficient use of supervisory resources	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) It would decrease uncertainties that currently arise from different implementation or interpretations of EU Regulations in different Member States or by Member States and ESMA	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) It would remove the need for market actors to deal with duplicative instructions from more than one supervisory authority	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) It would create a level playing field between UCITS funds, their fund managers and AIFMs	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l) It would create a level playing field between EU authorised funds and fund managers on the one hand and third-country investment funds and managers on the other hand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
m) It would reduce the need for detailed regulations and extensive rulebooks to achieve harmonised supervision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
n) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 48. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 48. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 48. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 48. d), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 48. e), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 48. f), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 48. g), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 48. h), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A possible more efficient use of supervisory resources would depend on the supervisory architecture that would be ultimately implemented. In particular, it would depend on how complex the new structure is compared to the current supervision model with NCAs, the (additional) resources it would require (i.e. staff, IT, administrative organisation and associated costs) and the way these resources would be allocated.

Please explain your answer to question 48. i), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

One should remember that the EU is in competition with the US and Asian jurisdictions, which are currently in the process of deregulating. The EU needs to position itself in this geopolitical context. It must also be considered that UCITS are the only funds in the world distributed globally (i.e. 25% of European domiciled investment funds are sold outside of Europe). Therefore, focus should be put on how to maintain this privilege instead of bringing changes to a framework that works well.
Please also refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 48. j), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The impact outcome wholly depends on the form "more integrated supervision" takes. Reduction of duplicative instructions may take place only if it is the NCA or ESMA that is directly supervising an entity (not both). If there are elements of direct supervision by both NCAs and ESMA, then the probability of duplication and possibly conflicting direction/guidance could arise.

Please explain your answer to question 48. k), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

A level playing field would only occur for UCITS funds, their fund managers and AIFMs if supervision practices are applied to all AIFMs or management companies equally. If a 2-tier system of supervision is implemented, then this would actively contribute to an uneven playing field and reduce integration.

Please explain your answer to question 48. l), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 48. m), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Question 49. Do you consider that more centralised EU supervision could also produce negative side-effects?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 49:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We are supportive of greater use of supervisory coordination tools, particularly those that make more/better use of supervisory data to drive consistent outcomes. However, we believe centralisation of supervision will likely bring limited benefits and increased complexity. The ESAs have a low level of engagement with the nuances and specificities of each individual market, an expertise that has been developed by NCAs over years of steep learning curves and hands-on experience. Even setting up regional hubs for ESMA could risk adding bureaucratic complexity, causing inefficiencies and slowing down decision-making processes. The current framework has successfully delivered this agility while upholding financial stability and ensuring strong investor and consumer protection. Preserving this expertise of NCAs while improving coordination through existing tools such as Common Supervisory Actions and supervisory colleges offers a more efficient and practical path forward.

In addition, building ESAs' appropriate resources in terms of staff and administrative infrastructure, and the transition to a single supervision would take between 8 and 10 years to put in place based on the previous experience from the banking union. As we have consistently observed, changes involve significant burden and related financial costs to adapt to a new centralized framework.

More integrated supervision over funds and fund managers would hardly bring any benefits either in terms of market integration, financial stability or investor protection, whereas the associated costs and risks are non-negligible. This includes e.g. increased complexity due to interaction or discrepancies with national provisions (e.g. diversity of corporate law, tax regimes) and duplication of supervisory tasks implying higher supervisory costs and lower procedures.

The possible following negative side-effects may be incurred in case of EU-level supervision:

- Insufficient regard of legitimate national specificities which have deliberately been reflected in national implementing rules resulting in case of EU-level supervision in suboptimal outcomes and, potentially, protracted legal disputes;
- Need for significant ESMA budget increase to match NCAs combined resources and local market expertise, whilst NCAs involvement will likely still be required as part of day-to-day supervision, thereby resulting in net supervisory cost increase across ESFS, affecting the EU budget or supervised entities directly and ultimately undermining the competitiveness of EU asset management.
- In the case of supervisory colleges or similar structures, negative side-effects may kick-in if supervisory colleges or similar structures were transformed into decision-making tools due to the involvement of multiple parties with different mandates and interests (e.g. home and host Member State alignment), as has already

been experienced by EU CCPs. These structures are, and should remain, forums for information exchange that aim to better understand the manager or target group (often focusing on a particular theme) and are intended for collaboration and corroboration, as opposed to industry-wide supervisory decision-making. Structures that enhance information exchange have the potential to increase efficiency and speediness in respect of severe market events provided that managers engage with the NCAs as a group rather than multiple times in multiple jurisdictions.

While these arrangements are still at an early stage of development, we could support their use as a means of enhancing coordination between NCAs and ESMA instead of a full transfer of supervisory competence away from NCAs. If they are well designed, they can be an efficient mechanism for promoting regulatory convergence and achieving the objectives set by the European Commission.

Question 50. Do you have other comments on the current supervisory framework and benefits of more integrated EU supervision?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

6.6.2. How could more integrated EU supervision function?

Question 51. Please indicate to which extent you support the following possible models of more integrated EU supervision:

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) A single EU supervisor, responsible for the supervision of asset managers with significant cross-border activities, while NCAs remain responsible for the supervision for asset managers with limited or no cross-border activity, UCITS funds and AIFs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
b) A supervisory college, chaired by an EU supervisor, having the main responsibility for, and taking joint decisions on, the supervision of asset managers with significant cross-border activities, while NCAs remain responsible for the supervision of asset managers with limited or no cross-border activity, UCITS funds and AIFs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
c) A supervisory college, chaired by a "lead NCA", having the main responsibility for, and taking joint decisions on, the supervision of asset managers with significant cross-border activities, while NCAs remain responsible for the supervision of asset managers with limited or no cross-border activity, UCITS funds and AIFs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
d) A supervisory coordination college comprised of all relevant national competent authorities and ESMA while supervisory responsibilities remain unchanged	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) Other set-up	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 51. a), providing, where possible, quantitative evidence and examples, including on potential costs and benefits, taking into account experience with voluntary colleges established so far:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 51. b), providing, where possible, quantitative evidence and examples, including on potential costs and benefits, taking into account experience with voluntary colleges established so far:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 51. c), providing, where possible, quantitative evidence and examples, including on potential costs and benefits, taking into account experience with voluntary colleges established so far:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our responses under questions 2, 4 to 7, 47 and 49.

Please explain your answer to question 51. d), providing, where possible, quantitative evidence and examples, including on potential costs and benefits, taking into account experience with voluntary colleges established so far:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please also refer to our responses under questions 2, 4 to 7, 47 and 49.

In addition, please note that, as the model evolves, the diverse business structures within the asset management sector have to be considered. Some firms operate primarily through UCITS and/or management companies, while others also include MiFID investment firm activities. Any design of potential supervisory colleges fostering convergence among NCAs must be flexible enough to reflect these differences, rather than follow the blueprint used for banks or market infrastructure entities.

Question 51.1. Please identify the areas where EU-level supervision would provide the most benefits:

AIFMD

Please select as many answers as you like

- Authorisation, notification of material changes and withdrawal of authorisations of AIFMs (Articles 6 – 11 of AIFMD)
- Delegation of functions (Article 20 AIFMD)
- Appointment and supervision of the depositary (Article 21 AIFMD)
- Transparency requirements (Articles 22-24 AIFMD)
- Pre-marketing (Article 30a AIFMD)
- Marketing of EU AIFs in the home Member State of the AIFM (Article 31 AIFMD)
- Marketing of EU AIFs in Member States other than in the home Member State of the AIFM (Article 32 AIFMD)
- De-notification of marketing arrangements (Article 32a AIFMD)
- Management of EU AIFs established in another Member State (Article 33 AIFMD)
- Management by EU AIFMs of non-EU AIFs not marketed in Member States (Article 34 AIFMD)
- Enforcement and sanctions (Article 48 AIFMD)

UCITSD

Please select as many answers as you like

- Authorisation of UCITS (Article 5 UCITSD)
- Authorisation of UCITS management companies (Articles 6 - 8 UCITSD)
- Authorisation of UCITS investment companies (Articles 27 – 29 UCITSD)
- Delegation of functions (Article 13 UCITSD)
- Freedom of establishment and freedom to provide services for UCITS management companies (Articles 16 – 21 UCITSD)

- Supervisory reporting (Article 20a UCITSD)
- Appointment and supervision of the depositary (Articles 22 – 26a UCITSD)
- Marketing of UCITS in other Member States (Articles 91 – 94 UCITSD)
- Enforcement and sanctions (Articles 99 -100 UCITSD)

Please explain your answer to question 51.1 providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

None of the above

Question 52. Would joint supervisory teams, composed of experts of NCAs and representatives of ESMA, under ESMA’s lead, be an efficient tool to achieve a more harmonised and efficient supervision of AIFs, UCITS and their fund managers?

- 1 - Strongly agree
- 2 - Rather agree
- 3 - Neutral
- 4 - Rather disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Please explain your answer to question 52:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The current supervisory framework is in our view functional and effective. Convergence should contribute to greater efficiency. We clearly doubt that a single supervisor or similar would bring the necessary simplification and efficiency, as it is essential for regulators to be close to the asset managers. Distant communication can lead to multiple requests and time delays. In addition, there are significant costs associated with joint supervisory teams, which would also increase costs for asset managers and investors, contrary to what is needed in a competitive environment.

Before discussing alternatives to the current system of supervision, we believe it is important to outline the problems these alternatives are intended to address. We are not aware of any problems associated with local authorisations. Inconsistencies arising from regulatory supervisory practices can be addressed by various supervisory tools conferred on ESMA by the ESMA Regulation (EU) No 1095/2010, notably as further discussed in Section 7.

We believe that centralising work or responsibilities at the EU level will not lead to more efficient processes, and this at a time when competition, particularly with non-EU countries and entities, is a key issue for the European Union. Similarly, ESMA sometimes adopts Q&As with immediate effect that require significant changes to practices that have been in place for years. Similar disruptions by changing the current system should be avoided.

Question 53. How would you expect your compliance cost to change under the supervisory model you chose in question 51?

- Strong increase: +20% or more
- Increase: +5-20%
- Neutral: +/- 0-5%
- Decrease: -5-20%
- Strong decrease: -20% or more
- Don't know / no opinion / not applicable

Please explain the reasoning for your answer to question 53 providing, as much as possible, quantitative evidence (e.g. your calculations of the evolution of your costs, splitting them between administrative costs (staff costs, facilities costs, travel, IT technology costs), professional fees (e.g. legal, accounting, consulting, etc), supervisory fees, etc.:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

6.7. Questions on the supervision of EU crypto-asset service providers (CASPs)

Question 54. To which extent do you agree with the following statements about possible benefits of more integrated EU supervision?

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) It could reduce the CASPs regulatory costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) It could enhance the quality of supervision over CASPs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) It could simplify and accelerate the procedure to apply for authorisation to provide crypto-asset services in the EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) It could simplify and accelerate the procedure for additional authorisations (e.g. to extend the scope of crypto-asset services or activities offered in the EU)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) It could simplify and accelerate the procedures for obtaining supervisory approvals, e.g. with regard to outsourcing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) It could lead to more efficient use of supervisory resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) It would decrease uncertainties that currently arise from different implementation or interpretations of the EU MiCA Regulation in different Member States or by Member States and ESMA	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
h) It would remove the need for market actors to deal with duplicative instructions from more than one supervisory authority	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

i) It would contribute to creating a level playing field between EU CASPs by eliminating regulatory arbitrage and gold plating	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
j) It would improve EU overview and cooperation over cross border activities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
k) It could improve the resilience of EU CASPs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
l) It would reduce the need for detailed regulations, extensive rulebooks and supervisory convergence activities to achieve harmonised supervision	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
m) It could contribute to a harmonised understanding of complex organisational structures and the different CASP business models	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
n) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 54. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. d), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. e), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. f), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. g), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. h), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. i), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. j), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. k), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. l), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 54. m), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 55. Do you consider that centralised EU supervision could also produce negative side-effects?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 55:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 56. Do you consider significant crypto-asset service providers to be subject to different risks than smaller crypto-asset service providers?

- Yes
- No
- Don't know / no opinion / not applicable

Question 57. Can these risks be addressed by supervision of crypto-asset service providers at EU level?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 57:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 58. Do you have other comments on the current supervisory framework of EU crypto-asset service providers (CASPs)?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

6.7.1. How could more integrated EU supervision of CASPs function?

Question 59. Please indicate to which extent you support the following possible models of more integrated EU supervision of CASPs:

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) A single EU-level supervisor, responsible for the licencing and supervision of all EU CASPs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) An EU-level supervisor, responsible for the supervision of a subset of CASPs, for example significant CASPs, while NCAs would be responsible for the supervision of not significant CASPs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) An EU-level supervisor over all EU CASPs, but with powers in certain key areas with other powers remaining at national level	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) An EU-level supervisor, responsible for the supervision of only certain, systemic EU CASPs and with powers in certain key areas (other powers, as well as not significant CASPs to remain subject to national supervision)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) A supervisory model for significant crypto-asset service providers, like the one for issuers of significant Asset Referenced Tokens in the current MiCA regime (authorisation by the NCA and if certain criteria are met, supervision passes to EBA with the help of a supervisory college)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) Other set-up	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Question 60. Would joint supervisory teams, composed of experts of NCAs and representatives of ESMA, under ESMA's lead, be an efficient tool to achieve a more harmonised and efficient authorisation, supervision and monitoring of CASPs?

- 1 - Strongly agree
- 2 - Rather agree
- 3 - Neutral
- 4 - Rather disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Please explain the reasoning for your answer to question 60:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 61. Please identify under what circumstances more integrated EU supervision would provide the most benefits for CASPs:

	1 (strongly agree)	2 (rather agree)	3 (neutral)	4 (rather disagree)	5 (strongly disagree)	Don't know - No opinion - Not applicable
a) The size of the crypto-asset service provider	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b) Whether it is part of an international group/conglomerate with subsidiaries in many different Member States and/or third countries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c) Whether it has a complex organisational structure featuring holding companies established in third countries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d) There is increased cross border activity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e) A large percentage of its clients reside in a different Member State	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f) The crypto-asset service provider provides certain crypto-asset services deemed more complicated (i.e. operates a crypto-asset platform)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
g) The crypto-asset service provider relies on outsourcing arrangements with entities that are not located in the same Member State as the crypto-asset service provider	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

h) Whether the crypto-asset service provider is part of a group which includes issuers of asset referenced tokens and e-money tokens	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
i) Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please explain your answer to question 61. a), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 61. b), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 61. c), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 61. d), providing, where possible, quantitative evidence and examples.

Please also explain what you would consider “increased cross border activity”:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 61. e), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 61. f), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 61. g), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please explain your answer to question 61. h), providing, where possible, quantitative evidence and examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 62. Do you consider the threshold for significant CASPs in Article 85

(1) of MiCA adequate, high, or too low?

The threshold is currently 15 million active users on average in one calendar year.

- Too high
- Adequate
- Too low
- Don't know / no opinion / not applicable

Please explain your answer to question 62:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 63. Would a threshold based only on size be an appropriate criterion for supervision at EU level, or would it be more appropriate to consider further nuanced criteria, taking into account the indicators mentioned in question 61?

- A threshold based only on size would be an appropriate criterion
- It be more appropriate to consider further nuanced criteria
- Don't know / no opinion / not applicable

Please explain your answer to question 63:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

7. Horizontal questions on the supervisory framework

7.1. New direct supervisory mandates and governance models

Question 1. Would you agree that EU level supervision is beneficial to achieve a more integrated market?

- 1 - Strongly agree
- 2 - Agree
- 3 - Neutral
- 4 - Disagree
- 5 - Strongly disagree
- Don't know / no opinion / not applicable

Please explain your answer to question 1:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ALFI does not agree that EU level supervision or centralised supervision is beneficial to achieve a more integrated market. The EU financial market has already made significant strides toward convergence through the successive changes to legislation following reviews of directives, regulations and other rules and guidelines at various levels. The model where National Competent Authorities (NCAs) play a central role in supervision and implementation has demonstrated its effectiveness, particularly in respecting the diversity of national markets, legal systems, and institutional expertise. A one-size-fits-all supervisory approach risks undermining the deep local knowledge and responsiveness that NCAs bring to the table.

NCAs have developed supervisory practices finely attuned to their respective markets, which are crucial for maintaining investor confidence and regulatory efficiency. Rather than pursuing centralization, we believe that enhanced cooperation, stronger convergence of supervisory practices and better data-sharing mechanisms should be pursued.

The work of the ESAs already provides a solid foundation for harmonization without duplicating or displacing the roles of NCAs. Cross-border NCAs working groups initiatives and common rulebooks have already proven successful in aligning supervision across borders while allowing NCAs to retain the necessary national market expertise and accountability. Strengthening these mechanisms rather than replacing them would ensure both consistency and adaptability, which are vital for a well-functioning of the EU single market.

A well-functioning capital market also requires simplicity, smooth and cost-efficient operations. However, the implementation of a single European supervisor for funds and asset managers would be counterproductive:

- A transition to single supervision would not result in directing any additional savings to capital markets in Europe. Significant roadblocks for increased household engagement in capital markets and the transitioning of pension systems are related to national rules (including tax rules) and other national laws and thus will not be addressed by a single EU supervisor.
- Transition to single supervision would take 8 to 10 years and a lot of focus and resources as learnt from the banking union, and would divert resources from more important projects which can really make a difference.
- ALFI supports regulatory convergence whilst recognising the benefits of specialisation/expertise of

certain NCAs. ALFI strongly believes that under the current EU supervisory framework, ESMA already has all the necessary tools and powers to ensure such convergence.

NCAs serve as hubs for developing regulatory and supervisory expertise at national level, which supports capacity building across the EU. Their close relationship with local entities also enables effective dissemination of regulatory knowledge and best practices, particularly to less resourced market participants. A more centralised supervision could lead to a loss of expertise and a disconnect between the supervisor and the supervised entities, especially in smaller or less mature markets. This could reduce the effectiveness of supervision and hamper the growth of local capital markets.

- Better alignment with national frameworks: Financial regulation often intersects with national laws (e.g., insolvency, company law). NCAs are better positioned to interpret and apply EU rules in line with national legal specificities, ensuring a more coherent and enforceable application of the regulatory framework.
- Maintaining the current supervision model for products and management companies ensures time to market, agility, and adaptability for national authorities and the entire ecosystem. In addition, the proximity of NCAs ensures a faster supervisory response in times of market stress. It allows for faster and more context-sensitive reactions to emerging risks, particularly during periods of market volatility or crisis. Local supervisors can detect early warning signs through regular interaction and adapt supervisory measures swiftly, which contributes to financial stability. A centralised or single supervisor would add complexity and costs for a limited if at all benefit.
- Contribution to supervisory convergence from the bottom up: The local expertise of NCAs feeds into the broader EU-level supervisory discussions, particularly through their participation in ESMA working groups and peer reviews. This bottom-up input is vital for shaping realistic and effective EU-wide standards that reflect the diversity of market structures across Member States.
- Empirical evidence of effective supervision: The current supervision model by NCAs has worked well in practice (e.g. in the context of MiFID II, Prospectus Regulation), with NCAs adapting supervisory practices to local market structures while still complying with harmonised EU rules.

Question 2. Are there other sectors of financial services, not covered in the questions on the topic of supervision where granting ESMA new direct supervisory powers should be considered?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 2:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ALFI does not see any sectors of financial services, not covered in the questions on the topic of supervision where granting ESMA new direct supervisory powers should be considered. As mentioned above, for the asset management industry, ALFI strongly believes that under the current European supervisory framework, ESMA already has all the necessary tools and powers to ensure regulatory convergence. A centralized or single supervisor will add complexity and costs for a limited if at all benefit.



Question 3. What should be the key objectives behind a decision to grant direct supervision to the ESMA?

	1 (strongly agree - very important objective)	2 (rather agree - important objective)	3 (neutral)	4 (rather disagree - less important objective)	5 (strongly disagree - not important objective)	Don't know - No opinion - Not applicable
a) Streamlined supervisory process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
b) Single supervisory point of contact and efficiency in the engagement with a single supervisor, instead of multiple NCAs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
c) Reduced volume of Level 2 legislation (technical standards) and supervisory guidelines	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
d) Coherent supervisory outcomes for the EU market as a whole	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
e) more harmonised application of EU rules	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
f) enhanced pool of expertise and resources	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
g) building synergies and avoiding duplications,	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
h) ensuring a high level of supervision across EU	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
i) reduced costs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
j) other	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify to what other objective(s) you refer in your answer to question

3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

To make this worthwhile, other important objectives for ESMA could include:

- directing additional savings to capital markets in Europe through the introduction of enhanced transparency for investors;
- restoring or fostering the competitiveness of the EU market at international level;
- promoting regulatory convergence on aspects that still require it;
- centralizing and harmonizing collection of data and figures to ensure consistency among NCAs across the EU on the model of the European Single Access Point (ESAP).

Please explain your answer to question 3:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ALFI believes that it is highly unlikely, if not impossible, that ESMA direct supervision would be able to achieve these objectives quickly, comprehensively and without significant costs to market participants. In our view, any move to an ESMA direct supervision in any form is unlikely to channel any significant additional savings into the EU's capital markets—at least not in the short term. Any meaningful impact might only begin to take shape over a long horizon of 8 to 10 years—if at all. when in our view, the resources and efforts should all be invested in promoting and implementing the SIU initiative over the next 3 to 5 years.

We deeply value the role that ESMA is currently playing. However, we recommend that the national expertise and market knowledge of each NCA be fully recognized and shared, and that collaboration between NCAs and regulatory convergence be proactively implemented under the aegis of ESMA rather than considering any new form of direct ESMA supervision.

There is no compelling objective to grant direct supervisory powers to ESMA, as the current system has proven effective. The current model anchored by NCAs has successfully delivered on key policy goals: market stability, investor protection, and a high degree of regulatory convergence across MS. Granting ESMA direct supervision should not be seen as a goal in itself, especially when the status quo has functioned well without material deficiencies that would warrant such a fundamental shift.

While acknowledging that some differences in supervisory outcomes persist across Member States, ALFI is of the opinion that the current framework already provides a solid basis for achieving supervisory consistency, especially through enhanced cooperation and coordination mechanisms at EU level (e.g., ESMA's supervisory convergence work, peer reviews, and Q&As). A more centralised supervisory model would not necessarily resolve existing inconsistencies and could, in fact, introduce new challenges:

- Risk of disconnect from local market realities: Centralised supervision may struggle to account for national legal specificities, market maturity, and the practical needs of market participants, particularly smaller trading venues or niche markets.
- Loss of responsiveness and flexibility: National authorities are better positioned to respond promptly and proportionally to local risks or developments, particularly where supervisory agility is needed.
- Reduced accountability and transparency: NCAs, being closer to stakeholders, operate within national

governance and accountability structures. Centralisation may reduce transparency and weaken public trust in supervision.

- Threat to market development and innovation: National authorities play an important role in promoting the development of local capital markets. A shift to a more centralised model could discourage innovation and reduce competitiveness at the national level.

Rather than centralising supervision, efforts should focus on strengthening supervisory convergence tools and fostering closer cooperation between NCAs, supported by ESMA's coordination and oversight functions. This would allow the EU to progress toward more consistent outcomes without undermining the benefits of the current supervisory framework architecture. As an example, the effective supervision of entities such as UCITS managers, AIFMs, and MiFID firms by NCAs has not impeded market integration on the contrary, it has allowed flexibility and local responsiveness within a harmonized EU framework.

Question 4. What would be the costs (one off costs and ongoing costs) and savings for your organisation associated with new direct supervisory mandates at the EU level?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

At this stage, it is not clear whether these one-off costs and the ongoing costs associated with the new direct supervisory mandates at EU level would be additional to the current national costs or whether an allocation would be made between them to ensure that the overall cost burden would not be increased for asset managers. We

On initial costs:

- Institutional realignment: Setting up new reporting lines, escalation mechanisms, and supervisory interfaces with ESMA would require a fundamental reengineering of current processes, adding complexity and legal uncertainty.
- IT and systems adaptation: A move toward direct EU supervision would require overhauling data systems to meet new technical formats, integration protocols, and submission channels. This would imply heavy initial investments in IT infrastructure, training, and interoperability
- Legal and operational fragmentation: Time and resources would be consumed to align national legislation, reporting calendars, and procedural safeguards with ESMA's centralized mandates, disrupting existing workflows that have been optimized under national supervision.

On ongoing costs:

- Duplicate oversight and reporting layers: Even with ESMA's direct role, NCAs would remain involved to varying degrees (e.g., information gathering, enforcement, domestic coordination), effectively creating a two-tier supervision model with overlapping costs but unclear benefits.
- Loss of operational efficiency: organisations have developed supervisory and compliance structures closely aligned with national NCAs. Shifting oversight to an EU level will reduce our ability to interact quickly, resolve issues contextually, and maintain regulatory clarity—leading to delays, bottlenecks, and increased advisory/legal expenses.
- Training and human capital drain: Maintaining up-to-date knowledge of EU supervisory processes would require continuous staff training and possibly recruitment of new staff with EU-level supervisory experience—adding further to our cost base.

Question 5. Which governance do you consider most suitable for a given model of direct supervision?

a) A Supervisory Committee:

It would be composed of a limited number of independent members (employed by ESMA) and representatives of these NCAs in whose jurisdiction directly supervised entities are operating. This committee will guide the supervisory tasks given to the EU level and carried out by ESMA staff and/or joint supervisory teams. The committee could have different formations /configurations for each of the sectors supervised. In terms of decision making, three alternatives could be envisaged:

1. Final decision making by the Supervisory Committee
2. Supervisory Committee in charge but Board of Supervisors (BoS) would have a veto right on certain decisions when a set of pre-defined criteria would be met (e.g. particular political sensitivity/importance)
3. As per the current CCP Supervisory Committee, the new Supervisory Committee would prepare the decisions, but the BoS would be the final decision-making body

b) Establishing an Executive Board composed of the Chair of ESMA and a small number of full-time independent members:

It will take all decisions towards individual supervised entities. The BoS would ensure some NCAs involvement, and it would still be able to provide its opinion on any decision about directly supervised entities. This model would be similar to the one designed for the Anti-Money Laundering Authority (AMLA).

c) A governance model based on the current setting of direct supervision as for example for CRAs:

In this model, ESMA would become the sole direct supervisor without any direct participation of NCAs' staff in the authorisation and ongoing supervision. All EU NCAs would remain involved in all supervisory decisions through the BoS approval process, regardless of whether they are home NCA or not.

When it comes to day-to-day supervision, this should be performed by ESMA staff. ESMA would be able to decide to delegate certain tasks to NCAs, but would continue to remain responsible for any supervisory decision.

- Don't know / no opinion / not applicable

Please explain your answer to question 5 and explain for which reasons you think this governance model is the most suitable (e.g. speed of decision making, inclusiveness of process)?

You may differentiate your reply per sector:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

It is not always clear how ESMA operates in terms of governance, so it would be useful to introduce more transparency into and raise awareness on ESMA's governance processes. It is therefore difficult to assess the models presented above.

ALFI is anyway of the opinion that centralised supervision, in whatever form suggested above or any other, is not the ideal solution for the deployment and implementation of the SIU initiative.

ALFI wishes to reiterate that simplification, regulatory convergence as well as speed of response are essential. Implementing centralized supervision instead of improving existing (and often well-tested) processes is not the right way to ensure the SIU initiative will produce the expected results in a reasonable timeframe.

Please also refer to our answer to question 3 above.

Question 6. Would you envisage a different governance model apart from one of those outlined above?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 6:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please refer to our response to question 5 above.

7.2. Supervisory convergence

Please select the ESA(s) for which you want to reply in this section:

Please select as many answers as you like

- ESMA**
- EIOPA**
- EBA**

ESMA

Question 7. ESMA: Please rate the effectiveness of supervisory convergence tools in ESMA:

	1 (least effective)	2 (rather not effective)	3 (neutral)	4 (rather effective)	5 (most effective)	Don't know - No opinion - Not applicable
Breach of Union law	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Binding mediation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Peer reviews	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Emergency powers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Opinions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Recommendations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product intervention powers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inquiries	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
No action letters	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Guidelines	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Colleges of supervisors	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Coordination groups	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Collaboration platforms	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

Warnings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Questions and Answers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supervisory handbooks	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Stress tests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Union strategic supervisory priorities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please specify to what other convergence tool(s) you refer in your answer to question 7 for ESMA:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Common Supervisory Actions (CSAs) are an important tool in ESMA's toolbox. They allow ESMA to coordinate supervisory actions across the EU and gather targeted evidence that is instrumental in further improving the EU financial services policy. ESMA conducted a few CSA's in the asset management sector in recent years: one on UCITS liquidity and another on fund valuation. Recent CSAs however have faced some coordination issues. National authorities tend to follow different timelines and some NCAs modify the CSA questionnaire or even introduce new questions to the template provided by ESMA. Moreover, there has been scarce coordination among NCAs to ensure that the same cross-border asset managers received only one questionnaire. Taken together, this has meant that asset managers operating in several member states not only received several uncoordinated requests for inputs, but sometimes were asked different questions from one Member State to another.

Please explain your answer to question 7 for ESMA:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

The ESMA plays a key role in the European System of Financial Supervision. Adopted in 2010 and revised in 2019, the ESMA Regulation creates a robust framework for the supervision and coordination of cross-border business activities, in particular within the EU internal market.

In ALFI's view, ESMA reaches its objective to protect the public interest by contributing efficiently to the stability and effectiveness of the financial system and that ESMA successfully contributes to the missions detailed in Article 1 of the ESMA Regulation (including improving the functioning of the internal market, ensuring the integrity, transparency, efficiency and orderly functioning of financial markets and preventing regulatory arbitrage and promoting equal conditions of competition). Some additional objectives may be added to its current and, in particular, the objective of enhancing the competitiveness of the EU Single Market.

ALFI supports ESMA's efficient role in enhancing supervisory convergence across the internal market. It provides a platform for the exchange and cooperation of NCAs. The powers and tools granted to ESMA allow the authority to ensure convergence in the asset management sector, which is important to ensure a level playing field across Europe.

To our knowledge, ESMA has not used (or with respect to several powers/tools only on very limited occasions) all its additional and/or enhanced supervisory convergence tools. Moreover, in our opinion – based on concrete experience – some of the supervisory convergence tools need to be improved (e.g. Q&As, Common Supervisory Actions and breach to Union law). Please see our response to Question 12.

Finally, ESMA has a comprehensive toolbox at its disposal that was enhanced as recently as 2022. ALFI view is therefore that the existing tools should be sufficient when used fully/optimally. As a consequence, there should not be any need to grant any additional powers to ESMA and/or further increase the supervisory convergence tools. We rather suggest to ensure an appropriate and efficient use of the existing powers and tools and targeted improvements.

We would also have the following comments on some specific aspects:

- Conducting peer reviews between competent authorities: In ALFI's view, such peer reviews contribute efficiently to the promotion of a common supervisory culture and ESMA provides the right level of transparency in this matter. We are referring in particular to the peer review on the collection and use of STORs under the Market Abuse Regulation as a source of information in market abuse investigations.
- Emergency powers: We believe that emergency powers are best handled by local NCAs as time is of the essence. During the various crises of recent years, ESMA has often been too distant. ALFI has worked with local NCAs which, like the CSSF, have issued timely recommendations that have helped the market.
- Opinions: ALFI is of the view that the opinions provided by ESMA are quite effective, because they usually trigger follow-up actions by NCAs. For instance, ESMA's 2017 Opinion on supervisory convergence in the area of investment management following the withdrawal of the United Kingdom from the EU contributed to increasing convergence around authorisation and delegation. Multiple NCAs aligned their supervisory practices onto the recommendations made in the Opinion
- Developing guidelines and recommendations: In ALFI's view, ESMA's guidelines and recommendations have significantly contributed to building a common supervisory culture and consistent supervisory practices in the EU.
- Product intervention powers are linked to detailed pre-approval processes. We believe that no extension of those powers should be introduced as this would result in inappropriate use of resources.
- Colleges of supervisors: ALFI calls for an improved process of data sharing between NCAs through colleges of supervisors that would be more effective and in line with the simplification objective of the SIU initiative. We would underline that extending the use of supervisory colleges for other purposes than convergence would only add extra layers of governance. This would entail more complicated and lengthier decision-making processes (if they have powers) and the duplication of work on both NCAs and the industry.
- Stress tests: ALFI is not in a position to provide an opinion on how stress tests are initiated and coordinated.
- Union strategic supervisory priorities: ALFI believes that this tool is appropriate to ensure a convergence among NCAs on key market risks identified by ESMA (e.g. in 2021 the costs and fees charged by fund managers and the improvement of the quality of transparency data reported under MiFIR).

7.3. Increasing the effective use of supervisory convergence tools

Please select the ESA(s) for which you want to reply in this section:

Please select as many answers as you like

- ESMA**
- EIOPA**
- EBA**

ESMA

Question 8. ESMA: Do you think that the current supervisory convergence tools are used effectively and to the extent that is possible?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 8 for ESMA and give examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

ALFI believes that there is room for improvement for ESMA to use its current supervisory convergence tools. ESMA could for example:

- publish implementation scorecards or dashboards that track how each NCA adopts convergence tools. There is currently no accessible, comparative tool or scorecard that shows which NCAs have adopted which ESMA Guidelines, the degree of alignment or divergence, how quickly they comply, whether “comply or explain” justifications are being used.
- Use peer pressure and transparency to encourage full uptake.
- Use more structured public consultations, industry roundtables, and technical working groups to address divergences and allow for the industry perspective on particular topics.
- Include in ESMA's annual reporting elements and information that increase transparency and raise awareness in terms of the use of supervisory convergence tools and the level of convergence reached by NCAs across the EU.

Question 9. ESMA: Do you think that the current governance and decision-making processes within ESMA provide sufficient incentives for the use of supervisory convergence tools?

- Yes
- No
- Don't know / no opinion / not applicable

Question 10. ESMA: How could the mandate of the Chair and Executive Director of ESMA be modified to allow them to act more independently and effectively in promoting supervisory convergence?

- Prohibition of re-election
- Longer term
- Other
- Don't know / no opinion / not applicable

Please explain your answer to question 10 for ESMA:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 11. ESMA: [For NCAs] Did resource constraints ever hinder or prevent the use of supervisory convergence tools?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 11 for ESMA:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

7.4. Enhancements to existing tools

Please select the ESA(s) for which you want to reply in this section:

Please select as many answers as you like

- ESMA**
- EIOPA**
- EBA**

ESMA

Question 12. ESMA: Do you see limitations or weaknesses in supervisory convergence tools in addressing significant divergences in supervisory practices between NCAs?

	Yes	No	Don't know - No opinion -
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			Not applicable
Breach of Union law	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Binding mediation	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Peer reviews	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Emergency powers	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Opinions	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Recommendations	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Product intervention powers	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Inquiries	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
No action letters	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Guidelines	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Colleges of supervisors	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Coordination groups	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Collaboration platforms	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Warnings	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Questions and answers	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supervisory handbook	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stress tests	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Union Strategic Supervisory Priorities	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>
Other	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

(ESMA) If you responded "yes" for breach of Union law, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Breach of Union law: Obstacles in the fund industry and fragmentation often find their origin in local laws (e.g. tax laws) favouring local vs cross-border products/services/investments (see examples in ALFI response to section 5 of this consultation) e.g. French insurance products only allowing local ELTIFs. Some of these examples are clearly breaching Union law. These obstacles will not be resolved by more convergent supervision. They are also rarely addressed at ESMA level nor at the Commission level because of political reasons or because they are in areas outside their remit (e.g. taxation). These obstacles should however be addressed. We welcome the Commission's initiative to open a dedicated channel to all market participants, individuals or businesses, to report barriers to financial market integration within the EU Single Market. The Union breach process should be reviewed and/or simplified to ensure easy and quick redress.

(ESMA) If you responded "yes" for binding mediation, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for peer reviews, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for emergency powers, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for opinions, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for recommendations, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for **product intervention powers, please explain:**

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for **inquiries, please explain:**

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for no action letters, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

One concrete change that could address the limitations or weaknesses would consist in amending ESMA Regulation to allow it to issue no-action letters that can effectively suspend for a time-limited the application of a Level 1 or Level 2 rules. This possibility exists in other jurisdictions (e.g. the U.S.) and would be a welcome addition to the EU toolkit.

Currently ESMA is only able to issue opinions for specific purposes (“with a view to furthering consistent, efficient and effective supervisory and enforcement practices, and the common, uniform and consistent application of Union law”) and are subject to a long and cumbersome process. The clauses subject to a no-action letter from ESMA are binding to market participants with a risk of sanctions in case on non-compliance.

(ESMA) If you responded "yes" for guidelines, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for colleges of supervisors, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for **coordination groups, please explain:**

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for **collaboration platforms, please explain:**

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for warnings, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for questions and answers, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Questions and answers: ALFI appreciates ESMA's efforts aiming at ensuring more transparency on questions that have been received and those that are under discussion. However, ALFI believes that ESMA Q&As may be challenging to implement and that further significant improvements are therefore required. Those improvements concern, for example, advanced notice and implementation guidance to support orderly implementation that minimise costs and disruption to business. ALFI believes that for any kind of Q&As, a short minimum application/implementation period should be granted. In terms of process, the submission of Q&As via the web-based tool could be improved.

For example:

- if questions concern both the UCITS Directive and the AIFMD (i.e. not only the one or other), it is not possible to indicate this.
- If a stakeholder has numerous questions to one topic, it should also be possible to indicate the general references only once (i.e. there should be no need to fill in the related acts for each and every question).
- If ESMA needs further information to analyse a question, it should be possible to exchange views with ESMA by e-mail. Only a short response that ESMA does not understand the question and the request to submit it again (with the same time delay as if a new question was submitted) is in our view not appropriate.
- The transparency obligation under article 16b (2) of the ESMA Regulation applies to the questions that were submitted to ESMA and we see a need to expand the transparency obligation and to include all questions being subject to the Q&A approach. Indeed, there are cases, where the Q&A approach follows as a result of discussions among NCAs. Subsequently, such discussions among NCAs at ESMA level remain

unknown for the interested stakeholders till the final Q&As are published.

Q&As are a useful convergence tool to provide clarification on specific aspects which are usually not addressed by legislative texts, regulations or guidelines. Q&As should thus not be used to set new rules. They must fit into the given legislative/regulatory framework and provide explanations on (technical) details. ALFI would also welcome the possibility for the Securities and Markets Stakeholders Group to systematically provide comments, not only upon request. In case the latter considered/explained that Q&As go beyond ESMA's remit, the group should be able to initiate a different procedure, which ensures broader stakeholder involvement (e.g. a consultation) and which may result in a different form of publication.

(ESMA) If you responded "yes" for supervisory handbook, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for stress tests, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

(ESMA) If you responded "yes" for Union Strategic Supervisory Priorities, please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Please specify to what other convergence tool(s) you refer in your answer to question 12 for ESMA, and please explain:

- **why you see limitations or weaknesses and in which specific areas**
- **what concrete changes you would propose to address the limitations or weaknesses flagged and make these tools more effective**

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Additional convergence tools have been granted to ESMA with effect on 1 January 2020, and two new direct supervisory powers have entered into force for ESMA on 1 January 2022. Convergence does not however necessarily mean centralisation of powers or centralised supervision. The negotiations around the ESA review in 2017 did clearly show that the European co-legislators had no interest in direct ESAs' supervision in the area of financial services. There seems to be no clear appetite today either.

Most of the issues on current supervisory convergence tools to address relate to implementation, operational coordination, and culture, but not to structural or legal gaps. Some areas for improvement may be identified:

- on timing and deadlines: Home and host NCAs do not always operate within the same timeframes. It may be suggested to introduce minimum coordination timelines or response deadlines for cross-border supervisory actions.
- on communication and information flow: ESMA-led coordination works well in theory, but real-time communication between home and host NCAs can be slow or overly formal. It may be suggested to implement secure real-time supervisory communication channels or escalation protocols.
- on costs: both registration and annual costs for cross-border products could significantly vary from one Member State to the other and there is a clear lack of convergence in that respect. Adding to costs for cross-border activities clearly limits the product offer to EU citizens and impairs the overall competitiveness of EU Capital Markets as a whole.

Common Supervisory Actions (CSAs) are also an important tool in ESMA's toolbox (please refer to our comments under question 7). CSAs could be even more effective provided that industry feedback is given

due consideration and sufficient time is allocated in advance for industry to respond.

ALFI would welcome facts based and objective NCAs' peer reviews to assess the actual differences of practices across the EU, identifying in particular best practices. Convergence could then be further improved at the level of NCAs relying on these best practices, with the support of ESMA. This would be in line with ALFI's conviction that an efficient/effective supervision requires a qualitative supervisory cooperation.

Question 13. ESMA: ESMA founding regulations and sectoral legislation lay down the requirements to delegate tasks and responsibilities both from NCAs to ESMA or from ESMA to NCAs. This tool has been rarely used.

What kind of changes would be warranted to increase its usability?

Please explain, highlighting benefits and downsides:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

7.5. Possible new supervisory convergence tools

Please select the ESA(s) for which you want to reply in this section:

Please select as many answers as you like

- ESMA**
- EIOPA**
- EBA**

ESMA

Question 14. ESMA: Do you see limitations in the current supervisory convergence tools to address home/host issues?

- Yes
- No
- Don't know / no opinion / not applicable

Question 15. ESMA: In the context of supervision of products or of conduct of business rules, supervisory convergence powers could be reinforced. ESMA may identify cases where home supervision is deemed ineffective either through ongoing monitoring or in response to a specific complaint. For example, ESMA could be given the power to issue an opinion/binding advice regarding ineffective national supervision to avoid that products or entities are granted access to the EU-market without adequate supervision.

Do you think that ESMA should be empowered to issue an opinion in cases where national supervision is deemed ineffective?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 15 on ESMA:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 16. ESMA: Do you think ESMA should be empowered to issue a binding advice in cases where national supervision is deemed ineffective?

- Yes
- No
- Don't know / no opinion / not applicable

Question 17. ESMA: What would be the cost and expected benefit of such a system?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 18. ESMA: Are there additional supervisory convergence tools that should be introduced?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 18 for ESMA and provide an example:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

7.6. Data and technology hub

Please select the ESA(s) for which you want to reply in this section:

Please select as many answers as you like

- ESMA**
- EIOPA**
- EBA**

ESMA

Question 19. ESMA: Which area(s) would benefit most from an ESMA's enhanced role as a data and technology hub?

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Streamlining of data collection and increased consistency across EU jurisdictions would be considered huge benefits in this regard. Access to consistent data formats and reports would enable a broader and more complete picture of the situation in the different jurisdictions to be obtained and comparisons to be made between the information provided by the NCAs. Currently, asset managers frequently have to provide the

same information to several authorities (e.g., to the NCA of the home jurisdiction, the National Central Bank, etc.) in various formats. Streamlining and consistency in this respect would help significantly reduce the reporting burden for asset managers.

Question 20. ESMA: In which sectors/areas would the development of supervisory technology tools (suptech, i.e. use of technology by supervisors to deliver innovative and efficient supervisory solutions that will support a more effective, flexible and responsive supervisory system) be most beneficial to enhance efficiency and consistency of supervision?

Please give examples:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Positioning the ESMA as an enhanced data and technology hub based on data received from the NCAs in a consistent format aligns well with our support for supervisory convergence and early intervention without centralized direct supervision. Leveraging technology for enhanced data sharing and crisis prevention could consist in e.g.:

- Real-time data aggregation across Member States (e.g., on fund liquidity, leverage, margin calls, redemption flows),
- Cross-sector analysis combining data from asset managers,
- Dashboards and early-warning indicators available to NCAs and relevant EU institutions to better monitor crisis and other events, such as market volatility events, and ensure timeliness and transparency at EU level,
- Scenario modelling and stress-testing coordination across jurisdictions.

Question 21. ESMA: How should ESMA's suptech tools be funded?

Please select as many answers as you like

- Privately by the supervised sector which would benefit from them
- Charges from NCAs proportionate to the use of the tool
- General budget (EU/NCA)
- Other

Please explain your answer to question 21 on ESMA:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

7.7. Funding

Please select the ESA(s) for which you want to reply in this section:

Please select as many answers as you like

- ESMA**
- EIOPA**
- EBA**

ESAs' budget is currently composed of:

- contributions from the NCAs which are complemented by a contribution from the EU budget, with NCAs contributing 60% and the EU budget 40%
- In case of direct supervisory mandates, also of fees charged to market participants to cover the full costs of direct supervisory activities. ESMA has nine separate fee income streams and they represent approx. 30% of ESMA's revenue
- other payments from NCAs for ESAs to be able to undertake tasks on their behalf

ESMA

Question 22. ESMA: Do you consider the provisions on financing and resources for the tasks and responsibilities of ESMA appropriate?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 22 for ESMA:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 23. ESMA: faces pressure to fulfil a growing number of mandates while staying within the ceilings of the multi-annual financial framework (MFF).

Taking into account the limitations of public financing, should ESAs be fully funded by the financial sector?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 23 for ESMA:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

We consider the current provisions on financing and resources for the ESMA to be appropriate in light of its current mandate and responsibilities. ESMA is and should remain independent from the financial sector in consideration of its supervisory role and powers. In addition, bringing the financial burden of ESMA's functioning on the financial sector would mean an additional layer of costs that are already paid by the sector to the NCAs.

Question 23.1. ESMA: would you be in favour of targeted indirect industry funding for certain convergence work (indirect fees), e.g. for specific tasks, like voluntary colleges, opinions, etc.?

- Yes
- No
- Don't know / no opinion / not applicable

Please explain your answer to question 23.1 for ESMA:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 24. ESMA: Do you think the current framework includes sufficient checks and balances to ensure that EMSA makes efficient and effective use of its budget?

- Yes

- No
- Don't know / no opinion / not applicable

Please explain your answer to question 24 for ESMA:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Question 25. ESMA: Which of the following measures could be envisaged to ensure efficiency and effectiveness of ESMA budget?

Please select as many answers as you like

- Periodic performance audits assess the organisation's efficiency and effectiveness in executing its mandates, using resources, and achieving its goals
- Stronger role for the Commission on budgetary matters (at present, the Commission has no voting rights except the budget where it has one vote)
- Veto power for the Commission on the budget
- Transparency and monitoring mechanisms
- An obligation to publish details on the calculation and use of the fees charged to directly supervised entities
- Other

Please explain your answer to question 25 for ESMA and provide additional details:

5000 character(s) maximum

including spaces and line breaks, i.e. stricter than the MS Word characters counting method.

Additional information

Should you wish to provide additional information (e.g. a position paper, report) or raise specific points not covered by the questionnaire, you can upload your additional document(s) below. **Please make sure you do not include any personal data in the file you upload if you want to remain anonymous.**

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