

ENHANCING THE ROLE OF ASSET MANAGEMENT IN THE SIU



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MISP and asset management: a lever for scale, competitiveness and investment

Europe is characterised by abundant levels of savings, yet an insufficient share flows towards the long-term, risk-bearing investments our economy urgently needs. Asset managers are more than merely intermediaries in this regard: they enable the transformation of savings into productive investment, by structuring vehicles, pooling savings, allocating capital and providing access to markets that individual savers could not necessarily access on their own.

If we want the SIU to succeed, we must ensure that this transmission channel functions efficiently, at scale and across borders. Yet fragmentation still prevents asset managers from reaping the full benefits of the single market, limiting their ability to mobilise capital efficiently across Member States. At the same

time, European asset managers operate in an increasingly competitive and cost-constrained environment, facing pressure from global players, in relation to technological change and new market trends, such as tokenisation.

In this context, the Market Integration and Supervision Package (MISP) can be a genuine game changer. Integration is not abstract: it is the condition for scale. Truly integrated European markets will allow financial players to operate seamlessly across borders and reduce costs, thus reinforcing their competitiveness. The MISP acknowledges this reality by simplifying the framework for cross-border activity and reducing fragmentation and duplicative requirements across Member States.

Concrete measures within the asset management side of the MISP illustrate this potential, such as the recognition of group structures. While large asset management groups often operate through multiple entities across several Member States, they currently remain unable to fully leverage their EU footprint. The newly proposed framework will allow supervisors to better take into account their organisational structure, giving management companies greater flexibility in the use of intra-group and intra-EU resources and delegations, and allowing them to allocate resources more efficiently, without unduly duplicating functions.

The strong simplification and harmonisation dimension of the package heads in the same direction. Following the 2019 Cross-Border Distribution of Funds Regulation, the MISP streamlines a certain number of procedures related to the authorisation and passporting of funds and management companies, thereby representing another step towards a more effective single market for funds.

If properly implemented, these changes could have tangible effects. Lower operational costs translate into broader and cheaper product offerings across Member States. For instance, European funds remain seven times smaller than their American counterparts, driving up costs for savers and thus discouraging investment and free movement of capital. Conversely, further integration of the fund market can help scale fundraising, mobilise savings more effectively and channel them towards

productive investment, including growth companies, infrastructure and the double digital & green transition.

That being said, integration must remain balanced. A single market does not entail erasing every national specificity or lowering standards. Investor protection and market integrity are core assets of the European framework. Certain aspects of the package, for instance the harmonisation of fund marketing requirements or the so-called depositary passport, may require careful calibration to ensure that simplification does not inadvertently reduce clarity for retail investors or weaken supervisory effectiveness.

Integration of the fund market can help scale fundraising and mobilise savings more effectively.

It also requires a carefully designed supervisory structure. In a truly unified European fund market, deeper supervisory integration will be indispensable to ensure consistent oversight and avoid regulatory fragmentation. In this context, the proposal to entrust ESMA with so-called “indirect supervision” through periodic reviews of the largest cross-border asset managers constitutes a meaningful basis to build on, by creating a structured framework for European discussion among the various supervisors of asset management groups. Over time, a more systematic and coherent European oversight framework may become necessary to fully match the reality of an integrated market.

The success of the MISP will ultimately depend on its ability to combine integration with trust. If it manages to reduce fragmentation while preserving high standards of protection and transparency, it can strengthen both the competitiveness of the European asset management sector and its capacity to serve the objectives of the SIU. The opportunity is real: we now need to deliver integration in practice, not only in principle.



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MISP proposal: state of things on asset management

The core objective of the Savings and Investments Union ('SIU') is the mobilization of the EU citizens' savings, which are currently being overwhelmingly held in bank deposits, in order to finance the growth of the EU economy through channeling these into productive investments. At the same time, banks are financial intermediaries by default, effecting financial intermediation through taking deposits from savers and granting loans to borrowers. Given that the SIU seeks the channeling of saving into productive investments by means other than deposits, this implies recurrence to non-bank financial intermediation. One of the main non-bank financial intermediaries are investment funds, irrespectively of their EU regulatory categorization as UCITS and alternative investment funds ('AIFs'). This means that asset managers, more specifically fund managers, are expected to play an enhanced role under the SIU.

The recently proposed Market Integration and Supervision Package ('MISP') acknowledges this, since it introduces a series of amendments touching upon the regulation of both fund managers and investment funds. As per the proposal, the amendments

aim at achieving market deepening and integration. The means thereto are simplification, supervisory convergence, removal of duplicative requirements, acceleration of 'time to market', facilitation of cross-border marketing through further harmonization (including by means of establishing ESMA's new data exchange platform as an 'one stop shop' replacing individual notifications), availing of synergies at group level and opening up the fund depository market. Many of these amendments are common to UCITS and AIFs, hence to both types of investment funds.

More specifically, the asset management-related amendments of the MISP proposal relate to a.o. fund authorization with immediate passporting possibility ('passporting upon authorization'). They also relate to cross-border marketing activities (including pre-marketing, harmonization of the content and format of marketing communications, removal of local presence requirements and marketing de-notification). The proposal also encompasses further harmonization of fund documentation and of UCITS investment rules, which are also amended in view of the new securitization framework and ESMA-recognized indices. The introduction of the fund depository passport is also proposed. In addition, the sharing of resources of/reliance on other regulated EU group entities by fund managers will no longer be considered a third-party delegation arrangement, with certain safeguards still applying. There are also shortened timelines for activating the fund management passport being proposed as well as changes to supervision. The latter take the form of vesting a series of new powers in ESMA regarding the supervisory review of large EU asset management groups, the undistorted exercise of passporting possibilities by stakeholders and dispute settlement between national supervisors. The powers of host Member State supervisory authorities in case of cross-border marketing are also modified.

Given that the negotiations of the MISP proposal have recently started, certain parts of the proposal have been broadly identified as simplifying compliance burden and as reducing costs and time-to-market, hence enhancing competitiveness of the sector. Such cases are, for instance, the proposal that a UCITS Key Investor Information Document under the UCITS Directive will no longer be required to be produced when marketing UCITS to professional investors. Furthermore, that a marketing de-notification should take place through ESMA's proposed 'one stop shop' data exchange platform

and that the 36 month pre-marketing ban in case of previous de-notification of AIFs with similar investment strategies shall no longer apply. However, for many other aspects of the MISP proposal concerns and counterarguments have been expressed. These concerns and counterarguments are not only political in nature, something that could have been considered as the result of reacting to shift of competencies. The objections raised also invoke possible supervisory risks, duplicated compliance burden, legal certainty and investor protection issues as well as extra costs, which could negatively affect competitiveness and integration of the asset management sector as a whole.

**The proper
hierarchisation of
supervision-related
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asset management.**

Bearing in mind the aforesaid, it would be premature to draw a conclusion about the MISP proposal in relation to asset management, without the Member States concerns and arguments raised being heard, assessed and addressed in their entirety. This requires that at least the first reading of the proposal has to be completed. What can be said at this stage though is that the proper hierarchization of the supervision-related changes, will be key in agreeing on reforms that will strengthen the role of the asset management sector in achieving the objectives of the SIU.



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Market integration and supervision package: initial thoughts on a few key topics

The Market Integration and Supervision Package (MISP) seeks to foster greater harmonisation in the regulation applicable to fund managers and distributors, reduce national discretions and gold-plating, remove supervisory barriers to cross-border activities, and centralise selected supervisory functions under ESMA. Once authorised, UCITS and AIFMs should be able to operate across the EU without additional conditions, thereby deepening market integration.

To this end, the MISP envisages streamlined cross-border marketing processes:

- Marketing notification and de-notification rules for UCITS and alternative investment funds marketed to professional investors will be centralised within an amended CBDF framework.
- De-notification procedures will be simplified by removing blanket offers, publication duties and pre-marketing restrictions.
- Notifications will flow through an ESMA-operated data platform.
- Marketing communication rules will be harmonised at EU level, and host NCA reviews will be removed.

- The current AIFMD pre-marketing notification will be abolished.

While these are positive steps, they also carry implications. ESMA platform fees may increase distribution costs; standardised marketing formats will reduce flexibility for fund managers; and abolishing pre-marketing notifications could blur the line between pre-marketing and marketing, complicating NCA oversight. Likewise, while host NCAs cannot impose further conditions on cross-border management, notifications will still follow bilateral procedures, preventing a full centralisation of market access.

The package also enhances harmonisation by prohibiting national add-ons to EU rules, empowering ESMA to specify authorisation procedures and prudential standards, and removing optional UCITS investment restrictions. These changes aim to eliminate gold-plating and strengthen supervisory convergence. However, excessive uniformity could limit innovation and local market adaptation, ultimately reducing competitiveness and access of investors to a wider variety of investment fund products. Prudential supervision aspects will require careful calibration — both regarding roles and thresholds — to ensure proportionality and effectiveness.

**MISP must avoid
unnecessary complexity,
duplication of supervision
and excessive costs
for investors.**

In terms of supervision, the CSSF supports further developing supervisory colleges as an effective mechanism for cross-border oversight. Colleges enable close cooperation, information-sharing, and supervisory alignment, while preserving the involvement of national authorities. They should remain central to any EU-level supervision architecture. The proposal for annual peer reviews of large asset managers raises resource concerns and may affect supervisory quality and costs; colleges would be a more sustainable vehicle for ensuring convergence and tackling supervisory arbitrage.

The proposed depositary passport presents both opportunities and risks. It may enhance competition and address capability gaps in certain markets. The latter point has already been solved with the introduction of the recent AIFMD 2 framework which offers the

possibility to the home Member State of an investment fund to authorise a depositary established in another Member State, subject to specific conditions (cross-border depositary derogation). The co-location between a fund and its depositary currently provides important benefits for investor protection and supervisory coordination — particularly crucial during crises. Without a clear EU-level licensing regime, the passport may also introduce legal uncertainty, distortive effects, and challenges for prudential oversight. A balanced approach is therefore essential.

Moreover, the planned exemption from intra-group delegation rules limited to EU entities risks creating asymmetries for global groups. A genuinely risk-based approach to delegation, irrespective of location, would better reflect actual risk exposures, may recognise lower risks in intra-group arrangements, and will ensure proportionality.

The success of UCITS demonstrates the value of a pragmatic EU framework grounded in trust, demonstrated resilience and market expertise. Future reforms should preserve that success and strictly limit their scope to those areas where problems and inefficiencies have occurred in the past.

The MISP has the potential to reinforce the EU fund industry's competitiveness, provided its implementation avoids unnecessary complexity, duplication between ESMA and NCAs, and excessive costs that could ultimately fall back on investors. Many valuable ideas included in the MISP certainly need further thought, discussion and challenge to guarantee that they really benefit investors and market players.

Continuous dialogue between supervisors — through ESMA Standing Committees and dedicated working groups — remains essential to build a shared supervisory culture, align expectations, and advance convergence across the EU. These improvements can and should be made now, without needing and waiting for the MISP.



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MIP: how to enhance the competitiveness of EU asset management companies?

One of the objectives of the MIP, as proposed by the European Commission on 4 December 2025, is to enhance the role of asset management in the wider context of the SIU political strategy.

But to which extent would the evolutions of asset management provisions, embedded in the UCITS and AIFM Directives as well as Cross-Border Distribution of Funds (CBDF) legislation, improve not only the integration of the EU Single Market for funds but also the international competitiveness of EU asset management companies – which is key?

Three main aspects for amending EU asset management legislation have to be spotted here.

First, regarding CBDF, we definitely think that the Commission made two very meaningful choices. On the one hand, the EC decided to reduce the powers of host Member States as

compared to those of home Member States. It is obviously an initiative which has to be lauded, if we wish to achieve a more integrated Single Market. In addition, the EC has very rightly shifted many existing provisions from the CBDF Directive to the CBDF Regulation: it will reduce the risks of divergences among Member States in the local implementation of EU legislation. It is a critical aspect for cross-border fund management companies like BNPP AM, in order to get a simpler functioning of our fund distribution at EU Market level.

Still and second, apart from that positive improvement on the fund marketing side, we may wonder to which extent the MIP will enhance the structural competitiveness of EU asset management companies as such. One of the key proposals by the EC is to facilitate intra-group delegations for EU asset management companies. In principle, it seems nice. But that facilitation would only apply to intra-group delegations within the EU, and not out of the EU. In practice, for many EU asset management companies which have already put in place the Management Company Passport at Single Market level, it will be a very limited progress: we are already largely integrated today at EU level through branches, and therefore we do not need such a supposed improvement. We may even think that the proposal might be counter-productive for EU integration, as it would just please firms which did not try to integrate further their organizations within the EU yet.

**Enhancing
competitiveness of EU-
globally headquartered
management companies
would fit EU strategy.**

So, regarding intra-group delegations, we think that the true achievement would be to tackle the intra-group arrangements which are set out of the EU, by legally facilitating the arrangements for EU-globally headquartered asset management companies vis-à-vis their non-EU subsidiaries, i.e. at global level (e.g. in the UK, the US or Asia). Indeed, the competitiveness of EU asset management companies should be considered by EU policy-makers not only within the Single Market but at global level, vis-à-vis our non-EU competitors. In terms of limitation of risks, beyond the fact that such extra-EU delegations would only apply intra-group (with thus a far easier monitoring, in terms of due diligence and risk

assessments), the legal responsibility would remain totally within those EU asset management companies. Ultimately, that needed search for enhancing the competitiveness of EU-globally headquartered asset management companies would perfectly fit EU institutions' political strategy.

Third and last topic, the EC is proposing to reinforce the role and supervisory powers of ESMA on large asset management companies. In the long term, giving more powers to ESMA makes sense, to get a more integrated Single Market. But instead of taking the risk of introducing top-down double layers of supervision in the short term (e.g. ESMA's Annual Reviews of asset managers in addition to the existing powers of NCAs), we propose a series of practical prerequisites to enhance the role of ESMA in the coming years, in a bottom-up approach, before shifting supervisory powers as such from NCAs to ESMA later on.

In particular, we suggest to ask for a more developed use of ESMA's existing supervisory convergence tools, by encouraging for instance the exchange of staff across NCAs as well as between ESMA and NCAs, to build collectively a stronger trust among securities regulators: today, many over-granular Level 2 or Q&As' requirements set by ESMA are due to a lack of trust among them.

But the key progress for enhancing the role of ESMA in the short term would be to reinforce it as the EU central Data Hub. First, the implementation of ESAP should not be delayed, to make sure that as soon as possible ESMA plays a critical role for publishing financial information (including on funds and asset management companies). It would be a great help, including for professional investors like us. And second, ESMA should become the recipient of all fund reportings that we have currently to provide to each NCA where our funds are legally domiciled within the EU: providing only a single reporting to ESMA instead of multiple national ones would indeed be a true facilitation for asset management companies – and a win-win, both for ESMA and for us.



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Can a more efficient and effective fund industry be delivered in Europe?

Europe's fund industry is an underutilised strategic asset: in full flow it can mobilize savings, channel capital to productive investment and help underpin the continent's economic strength. Yet structural inefficiencies persist in a system that in recent times has prioritised rules over economic dynamism. This requires a change in mindset, a point well documented by the Draghi and Letta reports yet remains lacking in execution.

The EU fund ecosystem does have considerable strengths. It is well regulated, with a robust supervisory framework that protects investors and ensures market integrity. It is home to globally recognized financial firms that bring trust, expertise, and scale across the single market and beyond. The success of UCITs, particularly outside Europe, should not be forgotten – nor also that since their introduction nothing else from Europe's fund ecosystem has come close to being as significant.

These foundations are valuable, but decisions made long ago do not guarantee success going forward. **In a global economy the transmission**

mechanism from savings to productive investment cannot be static or solely designed through a lens of past experiences – it needs to evolve and adapt (like any ecosystem) through a mix of policies that strike an appropriate balance between economic dynamism and investor protection.

The problems are tangible – fragmentation across jurisdictions at times causes friction in distribution, operations, and oversight. If the Savings and Investments Union (SIU) (of which the fund industry is very supportive) is not to remain just a political concept, then the challenge of implementation needs to be overcome. This requires not just change, but a better vision of the “why”, that is then clearly articulated to (and understood by) European citizens.

Of the several examples across industry that highlight this implementation challenge, one in particular captures neatly the multiple issues that sound reasonable in isolation, but in a broader SIU perspective diminish in importance – the case for a depositary bank passport.

EU investment funds are constrained in their choice of depositary—typically limited to institutions in the same member state, aside from narrow exceptions introduced in recent changes to AIFMD. In countries with few depositaries, funds—especially those investing in non-standard assets that require specialist services—face higher costs, limited capabilities, and operational risk concentrations.

The transmission mechanism from savings to productive investment cannot be static.

A proposed solution (included in the European Commission's Market Integration Package (MIP), issued on 4 December 2025) is a Master Directive amending both UCITS and AIFMD to allow investment funds to appoint depositary banks located in any EU member state. It is argued that it is a reform grounded in the single market's logic: open access, competition, specialization, and supervisory convergence.

As is the norm, there are numerous opinions on the merits (de-merits) of this proposal and the benefits it will bring (or eliminate). This debate encapsulates the tension that exists in industry between the perspective of where industry is today, rather on where it needs to go.

Supporters suggest funds will be able to select the right provider for their strategy, regardless of domicile, fostering specialist expertise for complex assets and enabling economies of scale across borders. Greater choice will intensify competition, improve service quality, and reduce costs—benefits that flow directly to investors.

Critics argue that there are concerns about supervisory consistency and cross-border legal certainty, given the quasi-audit role depositaries play. Yet in contrast to 2009, the regulatory and supervisory frameworks for a depositary bank passport are now in place (and if there is any doubt on this point then the MISP tries to eliminate any outstanding concerns).

In reality this debate is about commitment to a better Savings and Investments Union, where a change in the status quo can seem obvious at one level, while being empathetic to implications at a more granular level.

The dividends of a genuine single market in depositary services should accrue widely to all EU member states, European funds, and to the citizens who invest in them. It is just one step on the road to make European investment funds a more effective transmission mechanism so that savings support Europe's capital engine.

The vibrancy of capital markets is an important element of a healthy economic society, but one that requires an ecosystem that accepts both successes and failures, combining investor protection with a dynamism that helps meet economic and political needs.



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Toward an EU depository passport

The global macroeconomic and political landscape is evolving and can now be characterised by volatility, growing geopolitical tensions, increasing fragmentation, and supply chain restructuring. In fact, we are currently witnessing a phase of 'reglobalisation' which is ushering in a realignment of trade, production and financial networks driven by resilience and security. Further integrating EU capital markets is therefore a prerogative, however, despite initiatives such as the Capital Market Union and some progress having been made, EU financial markets remain fragmented and, lack competitiveness, foregoing potential economies of scale and efficiency gains.¹ Now is the time for the European Union to make headway on its strategic objectives toward more integrated, deeper and competitive capital markets.

Reinforced momentum with the proposed Savings and Investment Union ("SIU") is promising and capital markets are increasingly recognised as an important element to address many of the challenges facing the EU. The SIU agenda has had the merits of focusing policymakers' minds on fundamental measures of success that are needed to advance EU capital markets: mobilising savings, broadening the EU investor base and address the remaining obstacles to

market integration that prevent firms to achieve scale.

The EU Commission's Markets Integration & Supervision Package is a key initiative to achieving these objectives. It identifies the relevant constraints to a more scalable asset management sector in the EU: extensive gold-plating by NCAs; overlapping and redundant notifications requirements; and inconsistent marketing communications that undermined the full potential of the UCITS and AIF passporting in the Single Market.

Furthermore, it proposes to finally allow for the 'passporting' of depository services across the EU. State Street has long been a strong proponent of such a passport and believes that the concept is fully aligned with the spirit of a Single Market and the EU's strategic objectives and deserves further consideration.

The current state of play—a highly fragmented depository landscape

A depository bank is appointed to safekeep the assets of investment funds and perform oversight duties and therefore plays an important role in investor protection.

While the latest amendments to the UCITS and AIFMD frameworks foresee on a case-by-case basis the possibility for a depository to provide its services in another Member State, this is subject to strict and specific conditions making it an unviable alternative.

More integrated and deeper EU capital markets—inclusive of cross-border depository services—are essential for supporting and strengthening the EU's economic growth and competitiveness.

Instead, the MISP proposal seeks to introduce a broader passport in which EU-authorized banks would be permitted to provide depository services to UCITS and AIFs without having to be registered or established in the domicile of the investment fund.

Benefits of introducing a depository passport

In addition to deeper, more integrated and competitive capital markets in EU, a

depository passport will benefit the EU-domiciled investment funds industry and its end-investors, and Member States.

More specifically, a depository passport would bring:

- Easier access to depositories, especially in smaller markets, thereby increasing choice and competition; and
- Economies of scale, increased efficiency, effectiveness and resilience.

Addressing concerns about a depository passport

Concerns are expressed regarding the concept of such a passport, notably with respect to investor protection, concentration risk, and structural / supervisory complexity.

Taking those in turn:

- Investor protection concerns are alleviated given the proposal limits the use of such a passport to EU-authorized banks only, which are already subject to rigorous regulation and supervision across borders;
- Concentration risk stemming from the dominance of larger banks is entirely disputable, since the proposal would lower the barriers to entry; and,
- Heightened complexity can be minimised through technical discussions to establish clear guardrails for cross-border depository services, with the longer-term goal of harmonising national approaches.

There is a clear need to work through the more technical aspects of operationalising such a passport which should be navigated as part of 'Level 2 / 3' work. But that should not stand in the way of introducing an EU depository passport, and the opportunity to complete the Single Market, also for depository services, should be grasped!

1. *Market integration package - Finance - European Commission* (https://finance.ec.europa.eu/publications/market-integration-package_en)



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Critical steps to unlock a truly single market for funds and investors

Creating a more integrated, efficient, and competitive financial landscape in Europe is a key objective, not only from the perspective of asset managers operating in it, but, importantly, for EU citizens benefitting from more and better options to grow their wealth and plan for their long-term and retirement needs. The European Commission's Market Integration and Supervision Package (hereafter the "Package") is so far, the most extensive regulatory attempt to further deepen the Single Market, reduce burden and simplify cross-border operations.

While all proposals included in the Package are relevant in terms of the ecosystem within which asset managers operate, the Cross-Border Distribution of Funds Regulation (CBDR) and the changes into UCITS/AIFM Directives are the most impactful. Their ambition is to target long-standing frictions and, in that way, significantly lift the role of asset managers in improving investor choice. For these objectives to materialise, it remains important to draw the distinction between areas where regulatory change can make a difference, those where things mostly rely on effective implementation rather than constant change of rules, and the ones where it should be left to market participants to come up with appropriate investment solutions adjusted to

investors' needs. Finding this balance between regulatory change, successful implementation and appropriate market-based solutions will be critical to the success of the Package.

A central strength of the Package lies in simplifying the distribution of investment funds across the EU single market. Asset managers continue to face fragmented notification procedures, additional and divergent local marketing requirements, which together with separate pre-approval processes and in some jurisdictions requirement for local paying agents raise costs and discourage pan-European offerings. The CBDR proposes moving key notification and marketing requirements into a regulation, in that way, making them directly applicable and preventing additional local conditions. It also foresees the use of a single set of materials across the single market along with a "one-stop shop" for passporting. This set of rules can be a decisive step towards reducing administrative burdens, shortening time-to-market, lowering operational risk; ultimately, enabling greater economies of scale and a broader range of products at more competitive prices.

Beyond distribution, there is less evidence supporting the need for regulatory change. The sectoral framework governing investment managers' operations in Europe has been reviewed very recently and deemed largely solid and fit for purpose. Priority should now be given to the proper and consistent implementation of the UCITS and AIFM Directives, rather than initiating a new circle of changes that can increase complexity and uncertainty. For example, there appears to be no need for new prescriptive definitions on the structure of asset management companies or to distinguish intra-group operations on the basis of geographical determinations. This would overlook the wide range of internal structures, as well as the fact that many global managers maintain an integrated model and apply the same operating conditions across their EU and non-EU structures.

Similarly, the existing delegation framework under UCITS and AIFMD is widely regarded as robust: it supports globally competitive fund structures while maintaining strong investor protection due to proportionate and targeted oversight and supervision. Introducing new location-based derogations or new supervisory layers could fragment rather than integrate the market without addressing genuine shortcomings.

At this stage, effective implementation should be accompanied with a coordinated supervisory approach.

The later requires extensive knowledge with respect to diverse business models (nature, scale, complexity), as well as local market conditions. The role of national supervisors remains critical and can be enhanced at EU level via increased convergence and coordination mechanisms but cannot be replaced. In this context, ESMA has the role to facilitate and ensure such coordination, without superseding national competence.

Balance between regulatory change, successful implementation and market-based solutions.

Finally, asset managers must be able to retain flexibility allowing them to design strategies well-adjusted to European investors' needs. Currently European citizens seek to diversify risks via moderate access to private assets to better manage wealth for their longer-term objectives. However, funds offering investments in private assets and permitted for cross-border retail distribution, remain only ones with a high concentration into these assets and therefore a narrow width of diversification. This necessarily restricts investment opportunities for savers across Europe. The EU framework needs to address such gaps and seek ways to accommodate investors' needs and managers' ability to offer appropriate investment solutions.