

Enhancing the role of asset management in the SIU

1. Implications of MISP for the asset management sector

1.1 Key objectives and measures of the MISP for the asset management sector

A policymaker stated that fragmentation remains a persistent issue in the EU asset management sector. Despite the 2019 framework on cross-border distribution, divergent national and EU rules continue to hinder the integration of asset management activities across the Union. The Market Integration and Supervision Package (MISP) seeks to address these barriers by improving market access and operational efficiency, particularly in cross-border contexts, through two main approaches: reducing regulatory fragmentation via more harmonised and streamlined rules, and addressing supervisory divergence through enhanced cooperation among National Competent Authorities (NCAs) and a stronger role for ESMA.

The policymaker explained that the package includes measures to harmonise authorisation, notification and passporting procedures, as well as marketing communications and disclosure requirements. It also introduces an EU depository passport, allowing AIFs and UCITS to appoint depositories located anywhere in the EU, thereby facilitating cross-border provision of depository services. In addition, ESMA is due to play a stronger coordinating role and resolve potential disagreements between home and host NCAs. The MISP also proposes measures to improve the functioning of asset management groups, including a harmonised rulebook to eliminate divergences in national requirements and the facilitation of intra-group resource allocation, which would no longer be treated as delegation. This is intended to reduce administrative burdens and limit gold-plating. Finally, supervisory convergence would be strengthened through an annual ESMA-led review of large asset managers, conducted in cooperation with the NCAs.

An official emphasised that the MISP is part of the SIU initiative, which aims to mobilise household savings, currently largely held in bank deposits, towards productive investment. This implies a strengthening of non-bank financial intermediation, with investment funds playing a central role, thereby highlighting the importance of asset management within the SIU framework. The MISP does not introduce new investment products or fundamentally alter existing fund frameworks but instead focuses on improving efficiency and market integration through simplification, harmonisation and enhanced group synergies, with the aim of reducing costs, facilitating cross-border activity and strengthening competitiveness.

1.2 Expected benefits for asset managers and investors

An industry speaker welcomed the objectives of the MISP and its contribution to further integrating EU capital markets, particularly through its focus on reducing burdens related to cross-border fund distribution, a key component of the single capital market. Fragmentation persists in marketing requirements and distribution conditions, particularly for AIFs, which do not benefit from a unified EU label and therefore face more complex authorisation and passporting processes with varying local conditions. Addressing these frictions through the proposed changes to the cross-border distribution of funds regulation (CBDF) and to the UCITS and AIFMD directives, is essential to facilitate more seamless access to funds across the EU. This would support the mobilisation of private capital towards strategic priorities such as the green transition, digitalisation and defence, while enhancing investor returns.

The industry speaker supported the measures proposed under the CBDF framework to streamline passporting, including limiting additional national requirements, simplifying marketing documentation, eliminating mandatory local presence and harmonising information flows for retail investors. In addition, moving key notification and marketing requirements into directly applicable EU regulation, thereby preventing additional local changes, and introducing a "one-stop shop" approach for passporting could further reduce administrative burdens, shorten time-to-market and facilitate cross-border activity, benefitting both asset managers and investors.

A second industry speaker highlighted that the EU fund framework must continue to evolve, striking a better balance between economic dynamism and investor protection. Fragmentation across jurisdictions in the fund market continues to create friction in distribution and operations, limiting the ability of the sector to channel effectively savings into productive investment.

A third industry speaker highlighted that the proposed MISP measures regarding cross-border fund distribution represent a positive step forward and could further strengthen market integration in two main ways. First, shifting powers from host to home Member States would enhance the effectiveness of the passporting regime and support the development of a more integrated single market. Second, the increased use of regulations rather than directives would eliminate national transpositions, thereby improving consistency and integration.

A regulator also expressed strong support for the overall direction of the MISP, particularly its focus on easing processes and enhancing regulatory convergence. Obtaining approval for marketing materials in other Member States remains challenging due to language requirements, duplicative processes and re-assessments

by host authorities, that may review and challenge content already approved by the home supervisor. The centralisation of marketing notifications and de-notifications, potentially through an ESMA-operated platform, is therefore expected to simplify procedures and enhance consistency across Member States.

A fourth industry speaker also welcomed the MISP as a timely and necessary initiative, noting that many of the issues it seeks to address have been discussed for over a decade, notably in the context of the CMU. The current political momentum around the SIU and MISP is an opportunity to advance EU capital market integration.

1.3 Conditions for an effective implementation of the MISP measures

While broadly supportive of the MISP proposals to further harmonise distribution and marketing rules, several panellists emphasised that their effectiveness will depend on careful implementation, limiting additional national requirements and avoiding unnecessary reviews of existing fund frameworks.

An industry speaker emphasised that the effectiveness of the MISP will depend on striking the right balance between regulatory change and implementation, ensuring that the final framework remains workable and proportionate. While further harmonisation of distribution and marketing rules is important, not all challenges require new rules, and excessive regulatory layering could increase complexity rather than support market integration. The asset management regulatory framework has been recently reviewed and is largely considered fit for purpose, suggesting that priority should be given to the consistent and effective implementation of the MISP's distribution and marketing measures, rather than introducing additional structural reforms for asset managers.

A regulator echoed the need to avoid excessive regulatory change in the near term, particularly given the ongoing implementation of recent reforms such as AIFMD II, as reopening major frameworks too quickly could create uncertainty for both regulators and market participants. Reforms should also be designed so as not to undermine well-functioning frameworks, particularly UCITS, which remains the most successful EU financial product globally.

The regulator further cautioned that, while the convergence of rules and the centralisation of marketing notifications is expected to simplify cross-border processes, it may also introduce additional costs and, if taken too far, lead to excessive standardisation that could reduce flexibility for fund managers in communicating with clients. In addition, the MISP's prohibition of additional national requirements will require a higher degree of harmonisation at EU level, including the removal of optional national choices in UCITS investment rules, supported by effective dialogue between ESMA and the NCAs to address remaining divergences. At the same time, while product marketing processes may become more centralised, cross-border management activities at the management company level would continue to rely on bilateral interactions between home and host supervisors, meaning that their supervision will remain decentralised at this stage.

Another industry speaker noted that the latest reviews of AIFMD and UCITS are still in the process of being implemented, with a deadline of April 2026, making further revisions challenging from an operational standpoint in the short term. In addition, cross-border fund marketing already functions relatively well in practice. For example, more than 1700 funds from other Member States are currently marketed in France.

2. Depository passport: opportunities, limitations and implementation challenges

An industry speaker emphasised that a passport for depository services remains a missing element of the fund EU single market and is long overdue. Such a passport is fully aligned with the objectives of deeper capital market integration, as well as with the logic of the UCITS and AIFMD frameworks. The limited derogation introduced under AIFMD II, which allows NCAs to authorise the cross-border provision of depository services on a case-by-case basis, notably when jurisdictions lack local depositories, remains insufficient due to its restrictive conditions. A full passport would be beneficial by reducing barriers to entry for depository banks, allowing them to provide services across the EU without requiring local establishment. This would be particularly advantageous for smaller Member States with a limited number of domestic providers, increasing choice and competition. It would also promote greater harmonisation of national frameworks, helping to reduce gold-plating and improve operational efficiency, resilience and cost outcomes.

The industry speaker acknowledged potential concerns related to investor protection and differences in insolvency regimes across Member States but argued that these risks can be effectively managed. In particular, the requirement that depositories be authorised EU banks ensures a high level of prudential regulation and supervision. In addition, large depositories already operate across jurisdictions with differing legal frameworks and have the expertise to manage these complexities. Remaining technical issues, including those related to investor protection and insolvency, could be addressed at Level 2 or Level 3, and should not be a reason to delay the introduction of the passport.

Another industry speaker also supported the introduction of a depository passport, noting that it should be seen as a key element within a broader effort to reduce fragmentation and improve the functioning of the EU asset management framework, and is consistent with the objective of achieving greater scale and efficiency in the European fund market.

The industry speaker stressed that the key challenge lies in implementation, particularly in the context of already extensive regulation and multiple ongoing legislative reforms. While Europe has been effective at developing regulatory frameworks, it has been less successful at ensuring simplicity and ease of implementation, including in the asset management framework, resulting

in a high level of structural complexity that already weighs on the sector. In this context, the depository passport should contribute to reducing friction across the system and supporting a more efficient transmission of savings into productive investment, without adding further complexity in an already highly regulated environment.

A regulator suggested a cautious approach to the depository passport, noting that the current model, based on the co-location of funds and their depositories, functions effectively, particularly from a supervisory perspective and in times of crisis. While in a fully integrated market the location of the depository might appear to be less relevant, in practice proximity between funds and depositories, and the ability for supervisors to interact directly with them rather than through other national authorities, facilitates effective supervision and timely decision-making, especially in stressed situations. Similar debates took place during the AIFMD II negotiations, notably in relation to jurisdictions lacking domestic depositories. Targeted exemptions were introduced to address these constraints and allow domestic funds to be launched in the countries concerned, by authorising the cross-border provision of depository services under specific conditions.

The regulator further highlighted that the introduction of a depository passport raises questions in terms of investor protection and the sequencing of reforms, in particular whether further harmonisation of investor protection rules and legal regimes should precede its introduction.

A policymaker considered that concerns regarding investor protection in the context of the depository passport are not justified, as similar cross-border services provided by CRD and MiFID firms already operate under robust prudential frameworks without raising investor protection or financial stability concerns.

3. Intra-group arrangements: expected benefits and remaining issues

An official emphasised the potential efficiency gains associated with the MISP proposals on intra-group arrangements. Under the current framework, management companies must maintain their own human and technical resources and cannot freely rely on other group entities without triggering the full set of third-party delegation rules.

The MISP introduces a framework applicable to groups as defined under the CRD – typically comprising regulated entities such as banks, MiFID firms and other asset managers – distinguishing between resource sharing and reliance within groups. Resource-sharing arrangements would be treated as in-house, with shared resources considered fully integrated into the fund manager's organisation, which would retain direct responsibility and liability. As a result, such arrangements would no longer be treated as delegation and would not be subject to most delegation requirements, subject to notification

to the home supervisor and certain safeguards, thereby reducing administrative burdens. By contrast, reliance on other group entities for specific functions would remain subject to delegation rules, including ultimate responsibility requirements, reflecting their legally distinct status. However, where the entities relied upon are EU-based and EU-regulated, most third-party delegation requirements would not apply, as these entities are already subject to EU regulatory and supervisory frameworks.

The official further explained that the overall objective of the proposal is to generate efficiency gains and cost reductions through group synergies, by facilitating the sharing of resources and supporting more efficient cross-border operations. At the same time, concerns regarding supervisory visibility must be addressed, as intra-group arrangements are not risk-free and may reduce the ability of supervisors to maintain a clear view of how key functions are performed across group entities, requiring appropriate oversight. In addition, the simplified treatment of intra-group arrangements within the EU should not create the perception that delegations to non-EU group entities are inherently riskier, highlighting the need for a balanced and risk-based approach.

A policymaker stressed that treating intra-group delegation in the same way as third-party delegation is inefficient, as it requires management companies to conduct due diligence, monitoring and oversight even when relying on entities within the same group, leading to duplicative processes that do not reflect the integrated nature of group structures. This also contributes to the concentration of UCITS and AIF funds in a limited number of Member States with more developed financial sectors and limits the broader development of the fund industry across the EU.

An industry speaker noted that the MISP proposal to introduce a new concept of EU asset management groups raises questions in terms of clarity, practical application, cost efficiency and added value compared to existing frameworks. Its implementation should therefore remain optional until its implications are fully understood. In addition, large asset managers have already made extensive use of the existing management company passport to optimise their organisational structures across the EU, notably by reducing the number of legal entities through the conversion of subsidiaries into branches, thereby improving cost efficiency.

The industry speaker also highlighted that the main efficiency challenge for EU-based global asset managers increasingly lies outside the EU, where access to global expertise is essential. At present, the proposal primarily focuses on intra-group arrangements within the EU. If this framework proves effective in practice, a next step should be to facilitate intra-group delegation to entities located outside the EU.

A regulator suggested that intra-group arrangements could be better addressed through a proportionality or risk-based approach, by adapting requirements to the risks posed by specific intra-group arrangements. Such an approach would allow for greater flexibility and could also be applied to entities located outside the EU, recognising that risks may differ across structures.

4. Supervisory convergence: expected impact of the MISP

A policymaker emphasised that enhancing supervisory convergence is a key objective of the MISP, building on the work already carried out by ESMA, as supervisory approaches across NCAs remain to some extent duplicative or divergent. In addition, individual NCAs may not have a full view of the activities of cross-border groups, requiring stronger coordination. The proposed ESMA-led annual review is intended to address these issues while remaining proportionate, as it targets only the largest asset managers (those with assets under management above €300 billion), thereby ensuring an efficient use of resources while covering a significant share of the market (representing around half of total assets under management).

An industry speaker welcomed the recognition in the MISP proposal that asset management differs from other capital market activities for which more centralised supervision is envisaged. Fragmentation in the asset management sector is driven primarily by distribution barriers and national rules rather than by supervisory shortcomings, meaning that supervision is not the main lever to address market integration challenges.

The industry speaker considered that the objective of the proposed ESMA-led annual review requires further clarification. If the main objective is to enhance convergence, its scope should not be limited to large asset managers but should reflect a broader range of business models, investment strategies and Member State locations. If the objective is mainly to strengthen entity-level supervision, care should be taken to avoid creating duplicative supervisory layers. Alternative approaches should be explored, notably through enhanced cooperation and more effective data sharing among national authorities. In this respect, the MISP proposal to introduce collaboration platforms as part of ESMA's enhanced supervisory toolkit provides a practical mechanism to improve the collection, management and sharing of supervisory data, which should be a key priority given the significant reporting obligations already in place. In addition, while further supervisory convergence is needed, the priority of the MISP should remain on removing barriers to cross-border distribution, as an excessive focus on supervisory reforms could divert attention from, and potentially delay, progress on market integration.

A regulator expressed support for stronger supervisory convergence, suggesting that existing tools such as supervisory cooperation, peer reviews and supervisory colleges could be further leveraged. In past crisis situations, cooperation and dialogue between national supervisors, both within and beyond the EU, has proven effective in identifying and addressing issues. Supervisory colleges also represent a well-established and effective model for coordination, enabling the involvement of both EU and non-EU regulators and ensuring a comprehensive view of cross-border activities. This approach has been used notably in the context of AML supervision and could be extended to other areas. Supervisory colleges could also be used to implement the review of large asset

managers proposed in the MISP, rather than setting up a new dedicated process, which would entail additional resources and costs. Supervisory colleges would however need to operate at a global level rather than being restricted to the EU. In addition, further clarification is needed on how such a review would operate in practice. A risk-based approach should guide both the frequency and scope of supervision, rather than applying uniform requirements across all entities.

Wrap up

The Chair concluded that panellists broadly supported the direction of travel of the MISP in strengthening the single market for funds, particularly through measures aimed at reducing national barriers and facilitating cross-border distribution. The success of the reforms will depend on effective and cost-efficient implementation, as well as on preserving key features of existing frameworks, notably UCITS. Strong political momentum around the SIU and MISP, illustrated by the call from heads of State and government to advance the supervisory and integration agenda by the end of the year, should be leveraged to support progress on these reforms.

The discussions highlighted differing views on the depository passport, with some participants supporting it as a key step towards deeper integration, greater competition and efficiency, while others emphasised the importance of supervisory proximity and the need for further harmonisation of legal and investor protection frameworks before its introduction.

On asset management groups, the discussions focused on the potential efficiency gains from intra-group arrangements, including resource sharing and reduced reliance on delegation rules, alongside concerns regarding supervisory visibility, the new asset management group concept and the EU-centric nature of the proposed framework.

On supervisory convergence, the discussions underlined the importance of enhanced coordination and data sharing between authorities, while raising questions about the objectives and scope of the proposed ESMA-led annual review, the risk of duplicative supervisory layers, and how to make better use of existing supervisory processes.