

August 2016

PUBLIC CONSULTATION ON CROSS-BORDERS DISTRIBUTION OF INVESTMENT FUNDS

Since 1985, the EU has sought to mobilize capital in Europe and encourage investment in all Member States by promoting cross border distribution of funds. To this end, certain key pieces of legislation were adopted starting with the Council Directive 85/611/EEC of 20 December 1985 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) and ending with the most recent Directive 2011/61/EU of 8 June 2011 on Alternative Investment Fund Managers.

However, further measures could be taken to strengthen the single market for funds. The main obstacles are currently the regulatory barriers for distribution, burdensome registration procedures, costly and diverse marketing requirements, inconsistent administrative arrangements and tax aspects related thereto.

The European Commission is seeking to obtain more input from the stakeholders, including fund managers, investors and consumer representatives in order to identify those areas where the cross-border distribution of funds could be improved.

The consultation seeks feedback on the following areas and is open until 2 October 2016:

- **Marketing restrictions** – the national requirements of the Member State may differ across the EU;
- **Distribution costs and regulatory fees** – the regulatory fees imposed by the home and the host Member States may vary significantly in both value and method of calculation;
- **Administrative arrangements** – where EU funds using a marketing passport are sold to retail investors, often host Member States provide for special administrative arrangements;
- **Distribution networks** – the increased use of online platforms to distribute funds could be the source of specific barriers;
- **Notification process** – the requirements of the host Member State to notify the competent authority with respect to updates or changes to the documentation may prove to be costly and time consuming; and
- **Taxation** – tax treatment may create significant barriers to cross-border activities and discriminatory tax treatment must be avoided.

The targeted consultation groups are all citizens and organisations, with contributions being particularly sought from respondents who have an interest and/or experience in cross-border distribution of, or investment in, investment funds.

Responses to the consultation can be provided by accessing http://ec.europa.eu/finance/consultations/2016/cross-borders-investment-funds/index_en.htm.

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