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// ASSET MANAGEMENT & INVESTMENT FUNDS

Asset Management & Investment Funds Update

December 2024

Key Dates & Deadlines: Q4 2024 / Q1 2025

The following are key dates and deadlines in Q4 2024 / Q1 2025 along with possible impacts and action items arising for fund managers.

Date	Source	Summary	Action/Impact
Q4		EMIR 3.0 Regulation and amending Directive expected to be adopted with impacts across the key EMIR requirements of clearing, risk management and reporting.	EMIR 3.0 focusses on incentivising clearing in the EU post-Brexit, including through the introduction of a new EU CCP active account obligation. It also sets down rules for application of penalties by NCAs for EMIR breaches and amends the clearing threshold calculation methodology. Provision is made for the adoption of technical standards before certain EMIR 3.0 provisions come into effect.
Q4		Fitness and Probity Central Bank of Ireland (**CBI**) to implement recommendations of Review of the Fitness and Probity Regime	Please see article on topic in the August 2024 Update for further details.
Q4		Loan originating funds CBI to consult on Loan Originating Funds	
29 November		EMIR survey Deadline for submitting responses by UCITS and AIFs in scope of initial margin model authorisation	Please see article on the topic in this update for further details.

2 December		UK SDR naming and marketing rules Entry into force of FCA 'naming and marketing' and disclosure rules (except for those firms that submitted an application to the FCA for temporary flexibility)	Please see article on this topic in the November 2024 Update for further details.
21 December		European Green Bond Standard Application date for key provisions of the Regulation setting down the voluntary standard for issuing bonds using the 'European Green Bond' or 'EuGB' designation.	The proceeds of EuGB bonds are (subject to limited flexibilities) allocated to Taxonomy-aligned environmentally sustainable activities and the Regulation includes pre- and post-issuance transparency rules, regulated prospectus rules, and a new registration system and supervisory framework for external reviewers which are required to review issuers' reports.
30 December		Markets in Crypto-Assets Regulation (MiCAR) Final MiCAR application date.	See here for further details.
31 December		PRIIPs KID Expiration date for the derogation granted to UCITS from the calculation rules for "actual transaction costs".	See section 4 "Transaction Costs" of this William Fry article.
1 January 2025		Central Bank of Ireland PCF annual confirmation and CF certification CBI Portal open to receive 2024 PCF Annual Confirmation and CF Annual Certification	Please see article on this topic in the November 2024 Update for further details.
17 January 2025		DORA Application of the Digital Operational Resilience Act	
31 January 2025		MiFID II marketing communications Date by which fund management companies providing MiFID II services to retail clients must complete review of marketing and advertising practices with board approved action plan In accordance with the CBI Dear CEO letter	Please see article on this topic in the November 2024 Update for further details.
Jan / Feb 2025		ESMA CSA on sustainability disclosures ESMA expected to issue its report on the outcome of the CSA	
End Q2 2025		CBI ETF review Date by which fund management companies are required to incorporate any necessary changes to frameworks and practices in accordance with the requirements of the CBI letter on review of the ETF ecosystem	Please see article on the topic in this update for further details

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2 April 2025		UK SDR naming and marketing rules End of temporary flexibility period for FCA 'naming and marketing' and disclosure rules	Please see article on this topic in the November 2024 Update for further details.
21 May 2025		ESMA Guidelines on funds' names using ESG and sustainability related terms Funds in existence before 21 November 2024 must comply with the guidelines from this date.	Please see article on topic in the September 2024 Update for further details

ETF review – Central Bank of Ireland actions required

The Central Bank of Ireland (**CBI**) has published findings from its review of the roles played by authorised participants (**APs**) and contracted market makers (**CMMs**) in the ETF ecosystem. The CBI looked in particular at governance structures between fund management companies (**FMCs**) and APs / MMs and sought to mitigate identified risks. The CBI sets out key findings and expectations and actions to be taken by the board of the FMC.

FMCs should incorporate any changes required in accordance with the CBI letter by the end of Q2 2025.

Key findings

The CBI found at a sector level, the Irish ETF ecosystem is functioning effectively. Other findings include:

- Inadequate due diligence of APs/CMMs at initial and ongoing stages.
- Limited ongoing monitoring of APs/CMMs with regard to regular reporting on defined metrics such as primary market activity, pricing information, trading data, and average spread, depth, and presence volumes. Little evidence of risk monitoring and stress testing on APs/CMMs.
- Lack of Board oversight and minimal specific AP/CMM reporting
- AP and MM concentration in creation and redemption activity.

Action required

- All FMCs are required, at a minimum, to assess their current practices against Measure 4 of the IOSCO 2023 report on Good Practice relating to the Implementation of the IOSCO Principles for Exchange Traded Funds (**IOSCO ETF best practice report**) and close identified gaps.
- FMCs should consider applying certain aspects of the Central Bank Cross-Industry Guidance on Outsourcing when assessing the activities of APs and CMMs. The CBI noted in its finding that some FMCs already considered that APs and CMMs fall under the CBI outsourcing guidance, and the CBI considers it good practice. Non-exhaustive areas to consider as part of delegate/outsourcing service provider frameworks when overseeing APs/CMMs are:
    - Financial health and financial performance;
    - Ownership structure;
    - Reputation and regulatory history;
    - Operational structure and capabilities (including trading, pricing, clearing and settlement capabilities, and inventory management);
    - Ability to support arbitrage mechanism and liquidity provision, in both normal and stressed circumstances, and
    - Ensuring receipt of appropriate reports to assess activity.

- FMCs should assess reporting they receive regarding the activity of APs and CMMs and how they interact with the ETF. Boards should ensure that relevant, risk-focussed reporting is provided to them on a regular basis.
- FMCs should consider whether they have a sufficient number of APs and, where relevant, CMM relationships in place considering the nature of the ETF. The FMC must be able to demonstrate that substitutability risk has been considered and appropriate mitigants put in place.
- Arrangement with CMMs should be formalised and contracts noted by the FMC board.
- Firms should ensure there is effective contingency planning in place to address circumstances of impairment of the arbitrage mechanism. Measure 5 of the IOSCO ETF best practice report should be considered.

Future supervisory engagement

In circumstances where a FMC does not take into account the actions in the ETF review letter, the CBI may have regard to the consideration given by the FMC to the matters raised in the ETF review letter in future supervisory engagement.

Central Bank of Ireland year end deadlines

The CBI has set dates by which fund applications and filings must be received to ensure authorisation, approval or noting by year end.

Latest date for initial filings for pre year-end authorisation

No new initial draft applications seeking pre year-end authorisation or approval should be made after close of business on 13 December 2024. In addition, applications that are not reasonably expected to be in a position to submit for authorisation/approval by Thursday 19 December 2024 should not be made after close of business on 13 December 2024.

From Thursday 2 January 2025, applications may be submitted to the Central Bank. Where applications (initial and later drafts) are received after close of business on Friday 13 December 2024, these applications will be treated as if they were received on 2 January 2025.

QIAIF / professional ELTIF filings

Normal timeframes for QIAIFs / professional ELTIFs apply until 20 December 2024

For authorisation / approval / noting	Deadline for receipt
23 and 24 December 2024	3 p.m. on 20 December 2024
27 December 2024	3 p.m. on 20 December 2024
30 and 31 December 2024	3 p.m. on 20 December 2024
2 January 2025	3 p.m. on 20 December 2024

QIAIF change of service provider (COSP) filings

Effective date	Deadline for receipt
27 December 2024 – 1 January 2025	5 p.m. on 13 December 2024

ICAV Registration / Conversion / Migration Applications

Effective date	Deadline for receipt
23 December 2024 – 31 December 2024	5 p.m. on 6 December 2024

UCITS, RIAIFs, retail ELTIFs Authorisations / Approvals / Noting

Final Signed Documentation for Authorisation / Approval / Noting on	Deadline for receipt
23 December 2024	5 p.m. on 19 December 2024
24 December 2024	5 p.m. on 19 December 2024
27 December 2024	5 p.m. on 19 December 2024
30 December 2024	5 p.m. on 19 December 2024
31 December 2024	5 p.m. on 19 December 2024
2 January 2025	5 p.m. on 30 December 2024

Revocations

Timeline	Deadline for receipt
End of 2024	5 p.m. on 13 December 2024 (including funding levy)

Financial Service Provider (FS") Authorisations Acquiring Transaction Notification Forms ("ATNFs")

FSPs intending to submit an ATNF between 20 December 2024 and 3 January 2025 should engage with the Fund Service Provider Authorisation Team in advance of Friday, 20 December 2024 via email to Mancofspauthorisations@centralbank.ie

The Central Bank has not provided any detail in relation to timelines for Individual Questionnaires or Investment Manager Applications (*i.e.*, non-EU, including UK, based applicants).

Thursday, 2 January 2025 is the first day of 2025 that funds may be authorised or approved and / or post-authorisation updates noted. Executed documentation for funds seeking authorisation/approval or noting on 2 January 2025 must be submitted to the Central Bank by 5 p.m. on 30 December 2024.

Costs in AIFs and UCITS – data collection exercise

ESMA, together with the national competent authorities, is collecting data on costs linked to investments in AIFs and UCITS. This follows the mandate received from the European Commission under the UCITS / AIFMD review.

Greater transparency on pricing will allow investors to know more about the features of the products that are offered to them and will further support the development of a competitive market for UCITS and AIFs.

Two-stage data collection

Information will be requested in two stages: from manufacturers and from distributors. Information from manufacturers will provide an indication on the different costs charged for the management of investment funds. Information from distributors, i.e. investment firms, independent financial advisers, will inform on the fees paid directly by investors to distributors.

Previous regulatory initiatives on costs and charges

ESMA has previously focussed on costs and charges in funds. It issued a briefing on "undue costs" for both UCITS and AIFs and conducted a common supervisory action (**CSA**) on the topic for UCITS in 2021. As a consequence, the CBI issued a Dear CEO letter on costs and fees of UCITS in 2023 setting out findings following the ESMA CSA assessing UCITS managers' compliance with the relevant cost-related provisions contained in the UCITS framework. The CSA did not identify material undue costs being charged to UCITS, although it concluded there were some deficiencies demonstrated by fund management companies in setting the cost and fee structure for investment funds. The scope of this review did not include AIFMs but the CBI expected that the findings and actions of the review would be considered by AIFMs for costs and fees charged to AIFs.

Next steps

A report based on collected data will be submitted to the European Parliament, the Council and the European Commission in October 2025. This will also be part of an enhanced 2025 ESMA market report on costs and performance of EU retail investment products.

EMIR survey for UCITS and AIFs in scope of initial margin model authorisation

The European Banking Authority (EBA), in cooperation with ESMA and the European Insurance and Occupational Pensions Authority, launched a short survey aimed at collecting, ahead of EMIR 3 publication, information on UCITS and AIFs in scope of initial margin model authorisation in the EU. The deadline for submitting responses was 29 November 2024.

This information will guide the EBA in the setup of its central validation function for pro-forma margin models (such as ISDA SIMM) and inform the EBA's response to the EU Commission's call for advice on a possible Delegated Act on fees, which the EBA must deliver by Q2 2025.

UCITS and AIFs expected to fill in the survey are those funds which are currently subject to the requirement to exchange initial margin (with aggregate average notional amount exceeding 8 bn EUR) and using at least one initial margin model to comply with that requirement.

Central Bank of Ireland letter

On 20 November 2024,the CBI issued a clarificatory letter in relation to the EMIR survey including a link to it. While participation in the survey is not mandatory, it is strongly encouraged. The short deadline was needed to enable the EBA to integrate responses received in its advice on a possible Delegated Act on fees before consulting industry.

Consultation on non-bank financial intermediation

ESMA has sent its response to the European Commission's consultation on assessing the adequacy of macroprudential policies for non-bank financial intermediation (**NBFI**). The EC's consultation was undertaken as a response to major events in recent years, such as the GBP liability-driven investment (**LDI**) fund crisis in September 2022 and the "dash for cash" in March 2020, and the related financial stability concerns that have emerged.

ESMA's response

ESMA has addressed 7 topical areas relevant to it in its response. ESMA's proposals on topics most relevant to investment funds are summarised below.

Key vulnerabilities and risks

From a macroprudential perspective the main concerns in the investment fund part of the NBFI sector are the build-up of leverage and liquidity risk and enhanced mandates with respect to data collection and sharing.

Liquidity management

ESMA recognises the progress made with the revised UCITS and AIFM Directives. This is especially the case with the provisions on liquidity management tools (**LMTs**).

ESMA however still considers that there is a need to address some remaining issues concerning liquidity mismatches in open-ended funds (**OEFs**). In particular, competent authorities could require funds that invest in assets that are not liquid to be structured as closed-ended funds. This is why ESMA fully supports the Recommendation of the Financial Stability Board related to the classification of OEFs based on asset liquidity and calls for appropriate efforts to ensure the convergent and consistent application of these recommendations in the EU.

In the specific case of ELTIFs, ESMA is of the view that a certain level of prescriptiveness is needed in relation to the requirements on the notice period of an ELTIF. ESMA made a proposal for such a notice period of an ELTIF in its report to the European Commission, however this proposal was not retained because it was considered incompatible with the requirements of the Level 1 ELTIF regulation. ESMA is of the view that any future review of the ELTIF regulation should include its proposal.

Having comprehensive, timely, and good quality data is essential to macroprudential policy. The data to be reported should be granular enough to assess liquidity risk on the asset side, building on existing reporting requirements to avoid unnecessary burden on market participants.

ESMA is of the view that NCAs should, where appropriate, effectively and systematically use the power they have under the ESMA liquidity stress test (**LST**) guidelines to request the submission of LSTs in the course of their supervisory activity. This would help NCAs monitor the liquidity risks of investment funds, especially under stressed market conditions, and to identify potential unmitigated liquidity mismatches.

Leverage limits under UCITS and issues around the VaR approach

While AIFs under AIFMD can be subject to leverage limits under Article 25, there is no such harmonized tool for UCITS implementing sophisticated investment strategies and using the VaR approach for calculating their global exposure. Alternative UCITS with high levels of leverage account for a small share of the investment fund universe, their use of leverage should be analysed to see if it raises financial stability risks. ESMA believes that this issue needs further investigation in the short term. The future supervisory reporting under the UCITS Directive will be instrumental.

Money Market Fund Regulation review

For MMFs, ESMA analysis identified potential ongoing vulnerabilities that have not been solved. On the asset side, EU MMFs have a large market footprint in short-term private markets with limited liquidity implying that, in case of a wave of redemptions, MMFs may struggle to dispose of their assets. Moreover, the current regulatory provisions regarding LMTs (such as the use of fees and gates) might create incentives to redeem ahead of others. Finally, despite the overall resilience of the sector, the results of stress tests reported to ESMA and the NCAs also confirmed potential vulnerabilities. In particular, more than 80% of LVNAVs would need to switch to variable NAV in 2 of the stress scenarios, potentially leading to disorderly asset liquidations.

ESMA reiterates its position on the necessity to complete the reform of the MMF Regulation, considering the vulnerabilities identified in its Opinion.

Supervision and Data

ESMA proposes to progress towards data driven supervision, first by harmonising the framework to analyse risks posed by investment funds (especially regarding liquidity risks), and second by developing an EU system-wide stress test across NBFI and the banking sector. These proposals imply having comprehensive and good quality data to assess financial stability risks. Supervisors also need enhanced data sharing, ensuring that ESMA and other authorities have all required information and avoiding unnecessary burden on reporting market participants.

Coordination

ESMA suggests enhancing coordination between competent authorities by the creation of a formal reciprocation mechanism for leverage limits under the AIFMD. This mechanism would make national measures more effective by guarding against the potential for regulatory fragmentation or arbitrage across the EU. In addition, ESMA calls for the EC to consider granting ESMA the formal power to request the implementation of stricter macroprudential requirements by one or multiple national competent authorities, to address risks at EU-level.

ESMA report on European Union move to T+1

ESMA has published its final report assessing the shortening of the settlement cycle in the European Union.

ESMA recommends that the migration to T+1 occurs simultaneously across all relevant instruments and that it is achieved in Q4 2027. Considering the different elements assessed by ESMA, in particular, the difficulties linked to the go-live of such a big project in November and December, and the challenges linked to the first Monday of October (just after the end of a quarter), ESMA recommends 11 October 2027 as the optimal date for the transition to T+1 in the EU. ESMA also suggests following a coordinated approach with other jurisdictions in Europe.

Next steps

Following the publication of this report, ESMA will continue its regulatory work related to the revision of rules on settlement efficiency, and addressing the T+1 governance together with the European Commission and the European Central Bank.

IOSCO consultations on liquidity risk management

The International Organisation of Securities Commissions (IOSCO) issued a Consultation Report seeking feedback on its revised recommendations for Liquidity Risk Management for Collective Investment Schemes, with a focus on open-ended funds. IOSCO has published the consultation to operationalise revised Financial Stability Board (**FSB**) recommendations and incorporate other changes to reflect market and policy developments since the publication of the IOSCO 2018 Liquidity Recommendations.

Overall, IOSCO is proposing recommendations under a revised structure with six sections, namely the CIS Design Process, Liquidity Management Tools and Measures, Day to Day Liquidity Management Practices, Stress Testing, Governance and Disclosures to Investors and Authorities.

IOSCO simultaneously published a Consultation Report on Guidance for Open-ended Funds for the Effective Implementation of the Recommendations for Liquidity Risk Management (Proposed Implementation Guidance) which sets out technical elements, such as the asset liquidity assessment and considerations relating to the calibration and activation of LMTs and other liquidity management measures, to facilitate effective implementation of the Proposed Revised Liquidity Recommendations. The Proposed Revised Liquidity Recommendations and the Proposed Implementation Guidance should be read in conjunction with each other for completeness.

Next steps

The consultations are open to feedback until 11 February 2025. IOSCO aims to publish its final report in H1 2025.

Central Bank of Ireland enforcement action under AIFM Regulations

The CBI, following action under its administrative sanctions regime, has issued a reprimand and monetary penalty to an Irish AIFM in relation to an AIF under its management for contraventions of the 2013 AIFM Regulations. Neither the AIFM nor AIF are active.

The AIFM delegated its investment management functions in respect of an AIF to a third-party Investment Manager. The AIFM had previously appointed the same Investment Manager to manage a UCITS. The investment strategy of the AIF included investing in illiquid assets. Due to the pre-existing relationship between the AIFM and the Investment Manager, the AIFM conducted limited due diligence on the Investment Manager's qualifications and capabilities when appointing it to the AIF. However, from the limited due diligence carried out, the Investment Manager's inexperience in managing illiquid assets was objectively clear and should have been identified by the AIFM. Between the AIF's launch in October 2018 and February 2019, the Investment Manager invested €17.7 million (equating to 89% of the Fund's assets) in two Loan Notes, a type of illiquid, non-exchange traded instrument. Such investments were within the investment strategy outlined in the AIF's prospectus and were described as being difficult to value with accuracy because there are no active markets for such assets. The Loan Notes represented a new investment asset class for the AIFM, yet the AIFM did not update its valuation policies and procedures to take account of these assets. Following the initial investment, the AIFM was informed by the Investment Manager that the issuer of the Loan Notes (the Issuer) was also the only source of a valuation for the Loan Notes, creating a conflict of interest as the Issuer was potentially incentivised to manipulate the valuations for the Loan Notes in order to maintain or increase the Fund's investment in the Loan Notes. The valuations provided by the Issuer were in turn used to calculate the Net Asset Value (NAV) of the Fund, which was relied upon by investors in the Fund to inform decisions concerning their investment strategy. Unknown to AIFM, a senior executive of the Investment Manager with direct involvement in making investment decisions for the Fund was also the owner and director of the Issuer. This created an additional conflict of interest. In late 2019, the AIF's auditor identified concerns about the Loan Notes during the annual audit, including the identification of conflicts of interest and concerns in relation to the methodology and the accuracy of the valuations being provided by the Issuer. In order to address the auditor's concerns, the AIFM sought the return of the Fund's investment in the Loan Notes. Approximately 40% of the AIF's total investment in the Loan Notes was returned, however no further monies were ever returned. The AIF made the decision to suspend investor dealing, ceasing any new or additional subscriptions or investor redemptions, while the balance of the AIF's investment in the Loan Notes remained outstanding.

Breaches of AIFM Regulations

The CBI found that the 2013 AIFM Regulations were breached by the AIFM for failing to:

- Conduct adequate due diligence before appointing a delegate and effectively monitor the delegated activity.
- Identify and manage conflicts of interest.
- Ensure adequate risk management systems were in place.
- Put in place appropriate and consistent valuation procedures to allow for the proper valuation of the Fund's assets
- Disclose a description of valuation procedures and pricing methodology to investors prior to involvement.
- Notify the Central Bank of potential breaches of the 2013 AIFM Regulations.
- Treat all investors fairly.
- Act in the best interests of investors.

Key takeaways

The case is a reminder to all FMCs of the importance of conducting and refreshing appropriate due diligence reviews on all delegates, identifying and managing conflicts of interest, developing, reviewing and implementing valuation procedures and complying with the requirements of investor protection.

DORA update

On 8 November, the European Supervisory Authorities (**ESAs**) published a Decision on the information that National Competent Authorities (**NCAs**) must report to them for the designation of critical ICT third-party service providers under the Digital Operational Resilience Act (**DORA**). In particular, the decision requires

NCAs to report by 30 April 2025 the registers of information on contractual arrangements of the financial entities with ICT third-party service providers.

The essential part of the requirements for registers of information is publicly available since the publication of the ESAs Final Report in January 2024. The ESAs encourage financial entities to anticipate as much as possible the preparation of their registers, especially for information which may not be immediately available (e.g. the relevant identifiers of their ICT providers).

ESA workshop on DORA

An updated reporting technical package (including updated data point model, taxonomy and validation rules), is set to be published in December 2024. To hear more about the outcomes of the 2024 Dry Run exercise, a workshop will be held virtually on 18 December which is open to registration by interested parties.

ESG ratings regulation adopted

The European Council has adopted a Regulation on environmental, social and governance (ESG) rating activities.

Proposed rules for ESG ratings regulation

The new rules in the Regulation aim to strengthen the reliability and comparability of ESG ratings by improving the transparency and integrity of the operations that ESG ratings providers carry out and by preventing potential conflicts of interest. UCITS and AIFs frequently use ESG rating providers to support their ESG analysis in fund portfolios.

ESG rating providers established in the Union will need to be authorised and supervised by ESMA. They will have to comply with transparency requirements, in particular with regard to their methodology and sources of information. ESG rating providers established outside the Union that wish to operate in the Union, will need to obtain an endorsement of their ESG ratings by an EU authorised ESG rating provider, a recognition based on a quantitative criterion, or be included in the EU registry of ESG rating providers on the basis of an equivalence decision.

The regulation introduces as a principle a separation of business and activities to prevent conflicts of interest.

Next steps

The ESG Ratings Regulation will be published in the EU's Official Journal and enter into force 20 days later. The regulation will start applying 18 months after its entry into force.

Transition risk losses alone unlikely to threaten EU financial stability

The European Supervisory Authorities (the **ESAs**) together with the European Central Bank (**ECB**), have released the results of the one-off "Fit-For-55" climate scenario analysis. Under the scenarios examined, transition risks alone are unlikely to threaten financial stability. However, when transition risks are combined with macroeconomic shocks, they can increase losses for financial institutions and may lead to disruptions. This calls for a coordinated policy approach to financing the green transition and the need for financial institutions to integrate climate risks into their risk management in a comprehensive and timely manner.

Background

The European Commission invited the ESAs and the ECB to assess the impact on the EU banking, investment fund, occupational pension fund and insurance sectors of three transition scenarios incorporating the implementation of the Fit-for-55 package, as well as the potential for contagion and amplification effects across the financial system.

Results

The results of the exercise show that estimated losses stemming from a "Run-on-Brown" scenario have a limited impact on the EU financial system. Under the three scenarios, the investment fund sector undergoes a significant reduction in total asset value due to negative shocks to the prices of those assets modelled (equities, government bonds and corporate bonds). Losses under the second scenario, which is a run on brown without standard macro-financial stress factors, were mostly relevant to investment funds. A key driver of the impact on funds is likely to be the economic sectors they invest in, more than the asset class or the geographical focus of the fund.

Taking into account adverse macro-financial developments with transition risk factors could substantially increase all financial institutions losses. Although sizeable, the impact of these losses on financial institutions' capital is expected to be mitigated by factors such as banks' income, insurers' and occupational pension funds' liabilities, and cash holdings by investment funds that were not included in the assessment.

Given the novelty of the methodological approaches and the data-related challenges, the results are subject to a large margin of uncertainty.

Exchange of information on F&P assessments – ESA guidelines

On 4 November, the European supervisory authorities published joint guidelines for national competent authorities (**NCAs**) on the system for the exchange of information relevant to fit and proper assessments of holders of qualifying holdings, directors and key function holders of financial institutions and financial market participants by competent authorities. The definition of financial market participants includes any person in relation to whom a requirement in the UCITS and AIFMD legislative framework applies.

The guidelines apply to NCAs within the European System of Financial Supervision and focus on two main areas: use of the F&P Information System and information exchange and cooperation between the NCAs when conducting fitness and propriety assessments

Information system

The NCAs performing such assessments will include the relevant information consistent with these Guidelines in the ESAs Information System. The aim of the ESAs Information System is to support NCAs in identifying other NCAs that have conducted such an assessment process for a person of interest, thereby enhancing the efficiency of the fit and proper assessments. At the same time, in line with the applicable data protection requirements, only limited and necessary information will be stored in the system, accessible on a strict need-to-know basis.

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