

Capital Markets Union: Agreement reached on measures to improve the EU's investment fund market

In turn, investors across the EU will have access to a much larger choice of fund products at better value.

Commission Vice-President Valdis **Dombrovskis**, responsible for Financial Stability, Financial Services and Capital Markets Union, said: *"Today's agreement will cut red tape and improve clarity for fund managers who want to market their products across the EU. This will lead to more choice for investors, at lower costs – an important milestone for the Capital Markets Union. To give an example, we want fund managers based in Milan to be able to easily offer their funds in Riga, without compromising on investor protection."*

Commission Vice-President Jyrki **Katainen**, responsible for Jobs, Growth, Investment and Competitiveness, said: *"This step removes a stumbling block to cross-border investments in the EU, a significant step in completing the Capital Markets Union. Funding has to flow freely across the EU so it can best benefit companies to get them the financing they need to grow."*

Investment funds are an important tool to channel private savings into the economy and increase funding possibilities for companies. The EU investment funds market amounts to a total of €14.3 trillion. However, this market has not yet achieved its full potential. 70% of the total assets under management are held by investment funds authorised or registered for distribution only in their domestic market. Only 37% of Undertakings for Collective Investment in Transferable Securities (UCITS) and about 3% of alternative investment funds (AIFs) are currently registered for distribution in more than 3 Member States. This is partly due to regulatory barriers that currently hinder the cross-border distribution of investment funds.

Today's agreement will remove some of these barriers for all kinds of investment funds, making cross-border distribution more transparent, while removing overly complex and burdensome requirements and harmonising diverging national rules. Increased competition will give investors more choice and better value, while safeguarding a high level of investor protection.

More specifically, the main changes introduced by the new rules will:

- Clarify customer service obligations for asset managers in their host Member State. This should ensure that investors have access to a uniform, high level of customer service across the EU without imposing on asset managers the cost of maintaining a physical presence or local facilities in all host markets.

Next Steps

This political agreement will be followed by further technical work before the European Parliament and the Council can formally adopt the final texts.

Background

The legislative package agreed today was [presented by the Commission in March 2018](#) and forms part of the [Capital Markets Union Action Plan](#). A new Directive amends the existing UCITS and AIFM Directives and covers a limited number of issues which linked to access to the internal market (Art. 53 TFEU). A new Regulation covers issues linked to the functioning of the internal market (Art. 114 TFEU).

[Press release on the proposal for new rules on the cross-border distribution of funds](#)

[Q&A MEMO on the proposal for new rules on the cross-border distribution of funds](#)

[Capital Markets Union on the DG FISMA website](#)