

23 DEC 2021

The SAFE Regulatory Radar in December

Capital Markets Union Review: Launch of the European Single Access Point and consolidated tape, revised framework for alternative investment funds, and new rules for long-term investment



A *t the end of each month, the SAFE Regulatory Radar highlights a selection of important news and developments on financial regulation at the national and EU level.*

Establishment of the European Single Access Point and consolidated tape

On 25 November 2021, the European Commission published a Capital Markets Union (CMU) package proposing amendments to promote more integration and deepening of capital markets across the EU. One of the elements of the package is the proposal for the Regulation establishing a European single access point (ESAP). The current fragmentation of information between various national and European databases makes it necessary to provide centralized access to the publicly available information of relevance to financial services. The main objective of the ESAP is to enhance transparency, availability, and timeliness of disclosures, in particular financial and sustainability-related information.

The proposal sets out the rules and conditions of functioning of the ESAP but does not introduce any new reporting obligations. According to the proposal, the ESAP will be established and operated by the European Securities and Markets Authority (ESMA) by 31 December 2024. Private entities, such as banks, funds, issuers of securities, insurance companies, intermediaries, and auditors, will be required to submit the information to the responsible collection body which is - depending on the type of information - a repository or national or European supervisory authority. Access to the information will be free of charge.

At the same day, the Commission presented legislative proposals to amend the Markets in Financial Instruments Regulation (MiFIR) and Directive (MiFID) setting up an EU-wide consolidated tape that will provide real-time trading data for shares, bonds, derivatives, and exchange-traded funds (ETFs).

Legislative proposals were sent for scrutiny by the European Parliament and the Council.

Review of the Alternative Investment Fund Manager Directive

Another part of the CMU package is comprised of a proposal for a Directive that would amend the Alternative Investment Funds Manager Directive (AIFMD) and Undertakings for Collective Investment in Transferable Securities (UCITS) Directive.

The legislative proposal strives to facilitate the integration of AIFs in the European market as well as ensure high-level investor protection and effective coordination between the European supervisory authorities.

The legal act proposes targeted changes and addresses identified legal gaps. Importantly, it sets up common minimum requirements for direct lending by AIFs to companies to create a fair level playing field for loan-originated funds and to allow them to operate cross-border. A further amendment extends the list of ancillary services that AIFMs could provide by including administration of benchmarks or credit servicing.

Amendments also relate to the set of liquidity management tools to help AIFM better conduct liquidity risk management. The proposal removes some regulatory obstacles relating to the data collection for national and EU authorities to increase the efficiency of reporting. To safeguard the necessary protection of investor interests, the changes update rules on delegation arrangements and include central securities depositories (CSDs) in the custody chain. Other improvements cover supervisory reporting, transparency requirements, and provisions of depositary and custody services by alternative investment funds.

The proposals will be discussed at the level of the EU Parliament and the Council.

Amendments to the European Long-Term Investment Funds Regulation

At the same time, the European Commission published a legislative proposal amending the Regulation on European long-term investment funds (ELTIFs). The ELTIF market is relatively new and covers long-term investments, such as social and transport infrastructure projects, real estate, and small and medium enterprises. However, the Commission has identified a need for additional policy interventions to promote further development of the CMUJ. The proposed changes aim to support the uptake of ELTIFs in the EU by making the legislative framework more attractive for investment managers and investors.

First, amendments clarify the scope of eligible assets and investments and reduce unnecessary limitations to facilitate flexibility for fund managers in designing investment strategies and portfolios for ELTIFs. It also lowers the threshold for eligible investment assets of ELTIFs from 70 to 60 percent and raises the market capitalization threshold from 500 million euros to 1 billion euros.

Second, the amendments eliminate the entry barriers for retail investors. For this purpose, the legislative act proposes to remove the 10,000 euros initial investment requirement and the maximum 10 percent aggregate threshold requirement for retail investors with financial portfolios below 500,000 euros. The proposal also establishes an additional liquidity window redemption mechanism that allows investors an exit from ELTIF investment earlier.

Moreover, the proposed changes specify authorization rules to make the authorization process easy and transparent.

Once finalized and formally adopted, the regulation will be binding and directly applicable in all member states.

Current public consultations:

- **European Commission:** public [consultation](#) on the review of the regulatory framework for investment firms and market operators. The deadline is Wednesday, 2 February 2022.
- **European Commission:** public consultation on the amendments to certain regulations for public financial and non-financial disclosure in order to establish the ESA. The deadline is Wednesday, 2 February 2022.
- **European Commission:** public [consultation](#) on the review of the EU rules on alternative investment fund managers. The deadline is Wednesday, 2 February 2022.
- **European Commission:** public [consultation](#) on the review of the EU rules for long-term investment funds. The deadline is Wednesday, 2 February 2022.
- **European Commission:** public [consultation](#) on the single EU access point for company information. The deadline is Wednesday, 2 February 2022.
- **European Commission:** public [consultation](#) on the review of the EU rules on mortgage credit. The deadline is Wednesday, 2 February 2022.
- **European Commission:** public [consultation](#) on the review of the EU listing requirements, including post-listing. The deadline is Friday, 11 February 2022.
- **European Commission:** public [consultation](#) on the review of macroprudential rules to limit systemic risk. The deadline is Friday, 18 March 2022.
- **EBA:** public [consultation](#) on draft RTS on supervisory outlier tests for interest rate risk arising from non-trading book activities. The deadline is Monday, 4 April 2022.
- **EBA:** public [consultation](#) on draft guidelines on interest rate risk and credit spread risk arising from non-trading book activities. The deadline is Monday, 4 April 2022.
- **EBA:** public [consultation](#) on draft RTS on interest rate risk in the banking book standardised approach. The deadline is Monday, 4 April 2022.
- **EBA:** public [consultation](#) on draft RTS on specific liquidity measurement requirements for investment firms and draft Guidelines on liquidity requirements exemptions for small and non-interconnected investment firms. The deadline is Thursday, 10 March 2022.
- **EBA:** public [consultation](#) on draft Guidelines on the use of remote customer onboarding solutions. The deadline is Thursday, 10 March 2022.
- **European Insurance and Occupational Pension Authority (EIOPA):** public [consultation](#) on the application guidance on running climate change materiality assessment and using climate change scenarios in the own risk and solvency assessment (ORSA). The deadline is Thursday, 10 February 2022.

Anastasia Kotovskaia is Research Assistant at the SAFE Policy Center and currently pursuing a Ph.D. in Law at Goethe University.



BACK

NEWS & LATEST

All News

Newsletter

SAFE Finance Blog

SAFE in the media

In this Section:

FOLLOW US



CONTACT

Leibniz Institute for
Financial Research SAFE

Theodor-W.-Adorno-Platz 3
60323 Frankfurt am Main

Phone: +49 69 798 30080

Fax: +49 69 798 30077

Email: info@safe-frankfurt.de

SAFE

[About SAFE](#)

[Job Offers](#)

[How to find us](#)

POLICY CENTER

[SAFE Senior Fellows](#)

[Policy Publications](#)

[SAFE Finance Blog](#)

[Policy Center Team](#)

RESEARCH

[Research Departments](#)

[Researchers](#)

[Data Center](#)

NEWS & EVENTS

[All News](#)

[Press](#)

[Expert List](#)