

BVI¹ position paper on ESMA's discussion paper on the integrated collection of funds' data

The BVI welcomes the discussion put forward by ESMA in its [paper](#) on the integrated collection of funds data. For this very reason, the proposals on how this can be achieved must be examined closely and assessed in terms of their impact on the industry, costs, and feasibility in terms of time.

In the aftermath of the financial crisis 2008 several new or enhanced reporting requirements have been imposed upon asset managers. These pertain to individual transaction data on the one hand and to positions and their inherent risks on the other hand. In this regard, the multiple and inconsistent reporting requirements emerging from different pieces of legislation present a nuisance for the reporting entities as well as the competent authorities as the collectors of the data. We therefore welcome the objectives of this initiative, which are to identify any duplicate reporting, develop standards for sharing and use of data, reduce the burden on market participants, and contribute to financial stability through the assessment of data by the competent authorities. The removal of regulatory obstacles which hinder the efficient functioning of the capital markets should be considered an overarching priority.

However, the main challenge is to agree at least on harmonised data reporting and exchange standards between the industry and supervisory bodies to enable better understanding and supervision. The AIFMD reporting requirement, as an aggregated and consolidated European reporting standard, is fundamentally suitable as a starting point for fulfilling this purpose. Nevertheless, we see overlaps with other reports such as transaction reporting under EMIR and SFTR, central bank reporting for statistical purposes on funds as well as the regulatory fund reports for money market funds and the various national UCITS reports. Based on ESMA's proposals and with a view to streamlining regulatory reporting, we therefore consider the following aspects to be particularly important:

- In general, we support a **single regulatory reporting mechanism** which replaces all existing EU and national-level reporting obligations under the AIFMD, UCITS Directive, Money Market Fund Regulation (MMFR), and ECB statistical frameworks. This will reduce operational effort and burden for asset managers as well as supervisory authorities. However, this requires a fundamental overhaul of the entire fund reporting system, which will necessitate further amendments to the ECB Regulation on investment fund statistics and the MMFR. **Given the timeframe under the AIFMD review to develop regulatory technical standards (RTS) by 16 April 2027, we consider these changes to be too complicated and unrealistic to implement. For a short-term solution, this demand can be ensured through a new, yet to be defined data exchange between all supervisory authorities such as ESMA, ESRB, ECB, national central banks and national competent authorities and maintaining the aggregated and consolidated data collection approach with changes to align UCITS reporting with existing aggregated AIFMD reporting and to improve it.** The advantage of this would be that the existing fragmentation of national reporting standards in the UCITS area would be eliminated in the short term and the authorities' demand for more granular data could also be met in the short term, because this data is already available and only needs to be exchanged between the authorities.

¹ BVI represents the interests of the German fund industry at national and international level. The association promotes sensible regulation of the fund business as well as fair competition vis-à-vis policy makers and regulators. Asset managers act as trustees in the sole interest of the investor and are subject to strict regulation. Funds match funding investors and the capital demands of companies and governments, thus fulfilling an important macro-economic function. BVI's 116 members manage assets of EUR 4.6 trillion for retail investors, insurance companies, pension and retirement schemes, banks, churches and foundations. With a share of 26%, Germany represents the largest fund market in the EU. BVI's ID number in the EU Transparency Register is 96816064173-47. For more information, please visit www.bvi.de/en.



As a long-term solution, a second step at a later date can then lead to the transfer of fund reporting to fully integrated reporting (including ECB reporting and MMF reporting). However, companies should be given an appropriate transition period of at least one year of reporting experience based on the first step and sufficient testing opportunities for the new complete report.

- According to the explicit requirements of the AIFMD review, **the new RTS should not add any elements that are not provided for in the AIFMD or UCITS Directive. We therefore reject any proposal to use the revision of the AIFMD and UCITS reporting requirements to collect the additional data proposed by individual NCAs in Annex 10 of the discussion paper such as information on distributors and independent financial advisers, SFDR data, detailed information at share class level such as costs, fees and investor characteristics, management style.** Therefore, the reporting of such data, which is not required there and serves solely to protect investors, should not be the subject of the current proposals for integrated reporting and should rather be discussed under MiFID.
- In any case, **we oppose to setting up a completely new UCITS reporting** different from the AIFMD reporting based on existing national UCITS reporting standards because this will lead to further fragmentation of investment fund reports.
- The ESMA proposals for **data exchange** are all based on the assumption of a standardised form with a fully integrated reporting framework. The short-term solution proposed by ESMA itself and preferred by us, with multiple reporting obligations and reuse of data, is not included in the ESMA proposals for data exchange. Nevertheless, we prefer a solution where all reporting entities would be required to submit their data to the national competent authority which would then forward the relevant information to the other authorities currently receiving it. In any case, we reject direct reporting to a centralised system. The national supervisory authorities should continue to have data sovereignty in each case. However, the specific data exchange between authorities (in the case of multiple reports) would still have to be regulated separately. To this end, ESMA has already been mandated under the AIFMD review to develop draft implementing technical standards for the exchange of information between the competent authorities, the ESAs, the ESRB and the members of the ESCB (see Article 50(6) AIFMD and Article 101(9) UCITS Directive). ESMA should therefore make swift use of this mandate.
- With regard to the frequency of data collection, we consider the **existing frequencies of the AIFMD reporting (based on quarterly reporting with exemptions)** for the new template for AIFs and UCITS (and their managers) to be the best approach taking costs and benefits into account based on our proposal for an intermediate step, while monthly reporting for statistical reporting as in place should be continued.
- We promote to establish **uniform EU-wide validation rules** prior of reporting, which should not be changed retrospectively (e.g., as part of a quality check). This would also greatly simplify the implementation of data quality checks by the competent authorities and the companies concerned.
- Regardless of the approaches to integrated reporting presented, we consider the creation of binding definitions to be essential. In general, we support a **common data dictionary** at EU level based on the existing definitions under the AIFMD reporting, but refrain from transferring banking standards to the fund sector. In this context, we are in favour of **using uniform master data** across all reporting forms but also sees problems in this usage.



We therefore have the following comments on the individual questions in the discussion paper.

Q1. Do you confirm the findings presented in this stocktake section? If you have additional information, please provide all relevant details.

In general, we agree with ESMA's analysis of the existing reporting requirements. In the aftermath of the financial crisis 2008 several new or enhanced reporting requirements have been imposed upon asset managers. These pertain to individual transaction data on the one hand and to positions and their inherent risks on the other hand. In this regard, the multiple and inconsistent reporting requirements emerging from different pieces of legislation present a nuisance for the reporting entities as well as the competent authorities as the collectors of the data. We therefore welcome the objectives of this initiative, which are to identify any duplicate reporting, develop standards for sharing and use of data, reduce the burden on market participants, and contribute to financial stability through the assessment of data by the competent authorities. The removal of regulatory obstacles which hinder the efficient functioning of the capital markets should be considered an overarching priority.

- However, the main challenge is to agree at least on harmonised data reporting and exchange standards between the industry and supervisory bodies to enable better understanding and supervision. The AIFMD reporting requirement, as an aggregated and consolidated European reporting standard, is fundamentally suitable as a starting point for fulfilling this purpose. Nevertheless, we see overlaps with other reports such as transaction reporting under EMIR and SFTR, central bank reporting for statistical purposes on funds as well as the regulatory fund reports for money market funds and the various national UCITS reports.
- Moreover, **we would like to highlight another new double reporting introduced by the AIFMD review regarding reporting obligations on certain aspects of delegation for management companies.** It should be emphasised that AIF and UCITS managers have already been legally obliged for many years to notify the NCAs of all indicated delegations (not only portfolio and risk management functions) before they become effective (cf. Art. 20(1) AIFMD and Art. 15(1) UCITS Directive). There are currently no uniform standards (content and reporting formats) for these prior notifications, which is why the data is not available at the NCAs in a uniform manner and cannot be systematically retrieved/analysed. However, the new AIFMD review requires management company to provide additional reports on information regarding delegation arrangements concerning portfolio or risk management functions. Together with the advance notices, this leads to unnecessary double reporting. We expect that the removal of a reporting requirement will lead to a 50% reduction in the burden in relation to delegation notices/reports. Depending on ESMA proposals on Article 24(5a) AIFMD and Article 20a(5) UCITS Directive, considerable cost savings can also be expected here.

Q2. What are the best practices for data collection for retail investment funds in EU and non-EU jurisdictions that ESMA could consider?

- **We highly recommend that no special provisions should be laid down for retail funds in fund reporting.** We cannot see any reasons that would necessitate such a distinction. Even the AIFMD reporting does not differentiate between retail and professional investors in terms of content of the template. Rather, the investor structure is one of many pieces of information, where available, that is submitted to the competent authorities. Precisely because the new harmonised UCITS reporting



is based on the requirements of AIFMD reporting, the previous approach in AIFMD reporting should also be transferred to UCITS, so that information on the investor structure, where available, is merely one piece of information as part of the overall reporting. Here, consideration could be given to introducing a new category of semi-professional investors, who would be treated more like professional investors and would not need the same level of protection as retail investors. In the current AIFMD reporting, however, due to the specified distinction between retail and professional investors, such semi-professional investors are also treated as retail investors.

- According to the explicit requirements of the AIFMD review, the new regulatory technical standards (RTS) should not add any elements that are not provided for in the AIFMD or UCITS Directive. **We therefore reject any proposal to use the revision of the AIFMD and UCITS reporting requirements to collect the additional data proposed by individual NCAs in Annex 10 of the discussion paper such as information on distributors and independent financial advisers, SFDR data, detailed information at share class level such as costs, fees and investor characteristics, management style.** We acknowledge that, for statistical purposes, information on fees paid by investors to funds is currently also requested under the ECB Regulation. However, this information is not subject to the mandate of the AIFMD review and the reporting requirements set out in Article 24 of the AIFMD and Article 20a of the UCITS Directive. Therefore, the reporting of such data, which is not required there and serves solely to protect investors, should not be the subject of the current proposals for integrated reporting. Under the AIFMD review, ESMA already has a mandate to produce a report by 16 October 2025 assessing the costs charged by funds to investors (see Article 12 (4) AIFMD, Art. 14(4) UCITS Directive). For this purpose, only the NCAs are required to submit data on costs to ESMA once. This exercise is expressly not part of the ongoing reporting on fund risks under Art. 24 AIFMD and Art. 20a UCITS Directive.
- We acknowledge existing other reporting framework in non-EU jurisdictions such as in the US but do not consider this as suitable example for Europe to copy.

Q3. What challenges arising from overlapping EU-level and national reporting obligations (e.g. under AIFMD, UCITS, MMFR) does your institution experience? Please describe specific reporting overlaps and their operational impact quantifying and providing examples of redundant submissions.

We agree on ESMA's assessment on overlaps outlined in Annex 6 of the discussion paper. In particular, we see overlaps between the AIFMD reporting and other reports such as transaction reporting under EMIR and SFTR, central bank reporting for statistical purposes on funds as well as the regulatory fund reports for money market funds and the various national UCITS reports.

- The reporting under common AIFMD standards and different national UCITS standards needs to be done in parallel to ECB statistics for investment funds (Regulation (EU) No 1073/2013 of the European Central Bank of 18 October 2013 concerning statistics on the assets and liabilities of investment funds, ECB/2013/38). There is no alignment in frequency and content of data.
- The reporting requirements for AIFs and their managers (AIFMs) are harmonised within the EU and similar in each EU member state. However, it was not helpful as ESMA published in October 2013 an opinion with additional reporting requirements (opinion on collection of information for the effective monitoring of systemic risk under Article 24(5), first sub-paragraph, of the AIFMD, ESMA/2013/1340). In this opinion ESMA requires a detailed set of additional information that NCAs could obtain from AIFMs to report on a periodic basis. This leads to the situation that some NCAs



require AIFMs to report these additional data and others not. Regarding cross border activities of AIFMs, this leads to different standards and the need for internal control systems and check lists in which country such additional reports are not required to deliver. As the consequence, different reports provided by the AIFMs complicate the assessment of the data by ESMA.

- UCITS reporting: According to Article 45 of the UCITS Implementing Directive 2010/43/EU, management companies are required to deliver to the competent authorities, at least on an annual basis, reports containing information which reflects a true and fair view of the types of derivative instruments used for each managed UCITS, the underlying risks, the quantitative limits and the methods which are chosen to estimate the risks associated with the derivative transactions. There is a lack of a common European standards such as what kind of portfolio and risk data, in which frequency and in which format should be reported, and there is apparently no regular exchange of the information collected by the NCA and other authorities in the Union, with ESMA and with the ESRB. Consequently, completely different UCITS reports are in place in Germany, Luxemburg and Ireland which are also distinguish fundamentally from the AIFMD reporting.
- In establishing the MMFR reporting, ESMA was interested in using the same reporting standards for MMFs as those established under the AIFMD. However, the final reporting requirements for MMFs differ fundamentally from the AIFMD reporting because they are based on ISIN-detail data. Moreover, a MMF (issued as an AIF) needs to be reported twice: (1) with a harmonised reporting template under the AIFMD (in the alternative: with a reporting template established by different national authorities under the UCITS Directive) and (2) with a separate MMF reporting template with in part completely different and in part identical or similar data which are already provided by the AIFMD template.
- The applicable requirements for **transaction-level reporting under EMIR, MiFID II/MiFIR and SFT Regulation** display considerable differences in terms of reporting details, reporting channels, data repositories and applicable IT standards. The same pertains to the regulatory fund reporting on positions and risks required under AIFMD, UCITS Directive and the MMF Regulation as well as the reporting obligations for institutional investors under Solvency II/CRR which require delivery of data and further support services by asset managers. Furthermore, the investment fund management companies have also to report to the national Central Bank (Bundesbank). Such transaction and fund reportings are often insufficiently standardised and overlapped which causes significant problems in the collection of data as currently experienced under AIFMD and EMIR/SFTR.
- There is also a **need to distinguish between reporting requirements to investors and to competent authorities**. It is important to emphasise that disclosure requirements to investors should only comprise of information on the concrete product to understand how it works and what kind of risks is inherent. The focus of a supervisory authority must be on the supervision of the individual financial services providers and the reporting entities (e.g. investment fund management companies) as well as the monitoring of systemic risk and any impact on the financial stability. This is a broader approach that requires aggregated data and information: Standardised information on transactions such as parties, instruments, price etc. should be set across all regulatory and investor reporting obligations. Therefore, such an approach will enhance the operational efficiency for both the reporting counterparties and the regulators and will improve the assessment of systemic risk in the financial markets, thereby serving also to protect investors against potential financial crises in the future.



- The introduction of the **EMIR reporting obligation** in 2014 is a good example that central banks and national regulators face difficulties to analyse, aggregate and monitor systemic risk in the derivative market. Due to insufficient (regulatory) technical standards, the reporting entities sent their reports to the trade repositories without knowledge whether the reports of one reporting entity matched with the reports of the other counterparty. Therefore, regulators were not able to use the reported data for the purpose to analyse the systemic risk in the derivative markets.
- Moreover, the threatening jumble of **different data standards and formats** in regulatory reporting presents a huge burden for both the industry and the supervisory bodies in both operational and financial terms and impedes efficient supervision concerning the analyses of systemic risk within the financial markets. Enhancing consistency of regulatory reporting in terms of content is therefore strongly needed in order to enable the regulators across the board to use the stored data for the purpose of detecting systemic risk and to keep the administrative burden for market participants at a reasonable level.

Q4. Do you support the objective of developing a more integrated reporting framework covering AIFMD, UCITS, MMFR, and ECB statistical reporting? What are the key obstacles or risks linked to integrating fund reporting frameworks?

Based on ESMA's proposals and with a view to streamlining regulatory reporting, we consider the following aspects to be particularly important:

- In general, **we support a single regulatory reporting mechanism** which replaces all existing EU and national-level reporting obligations under the AIFMD, UCITS Directive, MMFR, and ECB statistical frameworks. This will reduce operational effort and burden for asset managers as well as supervisory authorities. However, this requires a fundamental overhaul of the entire fund reporting system, which will necessitate further amendments to the ECB Regulation on investment fund statistics and the MMFR. **Given the timeframe under the AIFMD review to develop regulatory technical standards (RTS) by 16 April 2027, we consider these changes to be too complicated and unrealistic to implement. For a short-term solution, this demand can be ensured through a new, yet to be defined data exchange between all supervisory authorities such as ESMA, ESRB, ECB, national central banks and national competent authorities and maintaining the aggregated and consolidated data collection approach with changes to align UCITS reporting with existing aggregated AIFMD reporting and to improve it.** The advantage of this would be that the existing fragmentation of national reporting standards in the UCITS area would be eliminated in the short term and the authorities' demand for more granular data could also be met in the short term, because this data is already available and only needs to be exchanged between the authorities. As a long-term solution, a second step at a later date can then lead to the transfer of fund reporting to fully integrated reporting (including ECB reporting and MMF reporting).
- Adherence to the timetable is also likely to be desirable from a supervisory perspective, because the revision of the AIFMD also introduces new reporting requirements for delegation agreements, which are intended to give supervisory authorities a better overview of how delegation work. However, we also refer to our comment on the associated introduction of a further double reporting requirement (see our answer to question 1).



- In any case, **we oppose to setting up a completely new UCITS reporting different from the AIFMD reporting based on existing national UCITS reporting standards as a short-term solution** because this will lead to further fragmentation of investment fund reports. Our position on the content of a future UCITS reporting is driven by considerations of cost and efficiency. While the AIFMD reporting is already up and running, a completely new and totally different UCITS reporting would incur significant implementation, IT development and project costs and tie up specialist resources. Using the existing, well established AIFMD template (perhaps with minor adjustments) for UCITS reporting is therefore, from our perspective, the most efficient option. It would then be up to ESMA to determine, and properly justify, which additional data fields, if any, they deem necessary for the UCITS reporting. For example, an additional field would then have to be added to the reporting form for UCITS, which would concern the utilisation of the global exposure limit according to the commitment or VaR approach and, in the case of UCITS with the VaR approach, also the gross leverage.

- We also strongly **disagree with using the MMFR reporting for a harmonised UCITS reporting** because this will lead to another fragmentation of investment fund reports. In establishing a new UCITS reporting, it is of utmost importance to use the same reporting standards as those established under the AIFMD. Such an approach would have the following benefits:
 - Avoid a technical in-depth discussion on data fields: The current AIFMD reporting is already very comprehensive. This applies even more as the vast majority of AIFs in Germany which invest in securities are UCITS like investment funds with a comparable investment strategy and risks. The implementing work for an AIF or AIFM reporting is already done, and the standards are well known by the management companies. In Germany, all UCITS management companies also issue AIFs and have already implemented the AIFMD reporting template.
 - In the absence of a harmonised UCITS reporting, the industry is currently facing a broad range of uncoordinated and (partially) ad-hoc data requests from various NCAs. Today, complying with these diverse requests is burdensome and costly, particularly as they involve extensive manual work. A pan-European UCITS reporting which replaces the different types of national reporting would hence be an important step forward.

- There is a **need for a common understanding on how to calculate and report leverage** in investment funds. Leverage in investment funds means methods such as the use of derivatives, borrowing of cash or securities which might, but not necessarily increase the ratio of the fund's market exposure over its net asset value. There is a wide variety of funds and fund strategies in different jurisdictions and market structures which allow different methods to increase leverage. In this respect, the use of leverage is not a risk as such. According to the AIFMD, managers of AIFs are required to set leverage limits for the funds they manage, to monitor the leverage and to disclose information regarding the overall level of leverage employed vis-à-vis investors and competent authorities. UCITS are legally restricted in using leverage methods such as derivatives and borrowing agreements. In addition, national legal requirements limit the use of leverage methods in certain funds. Even if the acceptable methods by which the fund manager could increase the fund's exposure differ among investment funds in order to protect investors, the metric for the calculation of the market exposure should be based, in principle, on the same method for both UCITS and AIFs. Such an approach would efficiently ensure a sustainable and meaningful understanding and monitoring of leverage for financial stability purposes.



- The **results of stress tests** should not be expanded to include further requirements for determining specific stress test indicators/scenarios. Rather, it should be sufficient (as in the current AIFMD reporting) to determine sensitivities for the main risks at an aggregated level. We see further data with high added value in the liquidity buffers and information on investor structure in accordance with AIFMD reporting, which can also be transferred to UCITS, as well as the LMTs (which would have to be supplemented by the new LMTs following the AIFMD review).

Q5. Please list your preferred option of those listed in this section and highlight any other option or combination of the ones listed here that you consider effective. In your response, please outline the main expected costs and benefits associated with the options proposed, and identify any preconditions or phased implementation steps that would be necessary to ensure feasibility and proportionality.

As already explained in our answer to question 4, we prefer option IR1 (multiple reporting obligations with reuse of data where the NCAs and NCBs remain as the first point of contact for reporting from asset managers) as a short-term solution. Option IR1 would already lead to cost savings due to the elimination of additional national UCITS reports.

However, under option IR1 we reject any duplication of existing ECB statistical reports, particularly regarding granular data on assets, within the framework of new AIFMD/UCITS reporting. ESMA should get these granular data on an individual asset basis via data exchange with the ECB or the NCBs, without the need for fund companies to report this data again. The specific data exchange between authorities (in the case of multiple reports) would still have to be regulated separately. To this end, ESMA has already been mandated under the AIFMD review to develop draft implementing technical standards for the exchange of information between the competent authorities, the ESAs, the ESRB and the members of the ESCB (see Article 50(6) AIFMD and Article 101(9) UCITS Directive). ESMA should therefore make swift use of this mandate.

In the long term, a single form with a fully integrated reporting framework like IR2 (evolving ESMA's role as the supervisory data hub for capital markets to improve data sharing among public authorities) could help to avoid bureaucracy and duplicate reporting. However, this requires a fundamental overhaul of the entire fund reporting system, which will necessitate further amendments to the ECB Regulation on investment fund statistics and the MMFR. However, companies should be given an appropriate transition period of at least one year of reporting experience based on the first step and sufficient testing opportunities for the new complete report. In any case, we suggest agreeing at least on harmonised data reporting and exchange standards between the fund managers and supervisory authorities for all investment funds and with a basic form with mere raw data on the manager and for all funds including specific information for individual fund types (AIFs, UCITS, money market funds).

Q6. To what extent should the integration or alignment of supervisory and statistical reporting extend beyond the asset management frameworks, such as EMIR, SFTR, or MiFID/MiFIR? What challenges do you foresee? Are there additional reporting regimes that should be considered for future alignment with asset management reporting?

In respect to [ESMA's call](#) for evidence on a comprehensive approach for the simplification of financial transaction reporting, we think that the transaction reportings (EMIR, SFTR, MiFIR) should not be part of a new integrated fund reporting system. An integration of the transaction reporting into a single fund reporting framework is impossible, complex and burdensome, because supervisory and transaction



data are of a different nature. These are not held and accessible to the same people within an investment fund management company and respond to a different logic. **We therefore propose reviewing the existing AIFMD template to determine whether any information already covered by EMIR and SFTR reporting can be deleted.**

On MiFID/MiFIR reporting, UCITS/AIF managers are today not in the scope of Article 26 MiFIR transaction reporting and have therefore not built up any technical capabilities to manage and report transactions to the NCAs.

Also, transactions in MiFID financial instruments executed between UCITS/AIF managers and investment firms are already reported today to the NCAs. According to Article 26 para 5 of MiFIR, the operator of a trading venue shall report details of transactions in financial instruments traded on its platform which are executed through its system by a firm (e.g. UCITS/AIF managers) which is not subject to the MiFIR reporting obligation. Sell-Side firms are already required today to also report transactions to the NCAs executed with their Buy-Side clients. This includes also transactions executed off venue.

In this context we strongly reiterate our position that investment funds (UCITS/AIFs) are among the most strictly regulated and transparent financial products. Fund management companies report data for each fund to their respective NCAs at regular intervals. There are regulatory fund reports (UCITS, AIFM and reporting to the National Central Bank), transaction reporting (EMIR, SFTR), as well as reports to institutional investors (CRR, Solvency II). Additionally, there are numerous special reports and *ad hoc* queries by regulators on various risks and reward as well as other economic factors relating to funds.

Any extension of Article 26 MiFIR transaction obligation to UCITS/AIFM managers will enhance the reporting burden and the complexity for the fund industry. This approach is not in line with the SIU to reduce the reporting burden by 25% for the financial industry. The EU Commission's overall objective is to have a reporting environment that delivers accurate, comparable, and timely data to supervisory authorities at EU and national level, while at the same time minimising the reporting costs and burden for supervised entities (e.g. UCITS/AIF managers) and supervisors. We strongly encourage ESMA to take into consideration the long-term supervisory reporting vision of the EU Commission and the EU principle of proportionality when ESMA submits its report to the EU Commission for endorsement.

<p>Q7. How should this approach be implemented to ensure proportionality, efficiency, and data quality?</p>
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We do not consider reports only for funds that exceed certain indicators (such as leverage or the value of assets under management) to be effective or to ensure proportionality. The principle of proportionality can be better taken into account by reducing the reporting frequency for certain funds (e.g., because the data to be reported does not change significantly over time). AIFMD reporting can be cited as an example here, as it applies a corresponding gradation with regard to frequency (see Art. 110(3) of the Delegated Regulation (EU) 231/2013).

Especially from the viewpoint of the supervised entity (e.g. investment fund management company) the **intended purpose of the reporting is not always clear**. Looking at the amount of often diverse but also often overlapping data points collected, there is the impression that the data requirements are defined by the rule of "as much as possible" instead of "as much as necessary". This impression is reinforced as it is not all transparent whether the data is really used or evaluated by the supervisory agencies. Better transparency on why the data is collected and how it is actually used would help to



improve market comprehension and acceptance. This also requires a comprehensive assessment by the supervisory authorities as to which data is actually necessary to achieve the objectives of better market surveillance and a reduction in potential financial stability risks.

To ensure free exchange of data among industry and public sector, **we suggest that all reference data identifiers that are necessary to ensure efficiency should be available to users for free or at cost**, for internal and external use, and not restricted by commercial interest such as licence contracts or consumption reporting requirements. Data required in regulatory reporting, and which is provided in part through EU databases such as the ESMA operated securities reference database FIRDS (MIFIR) and the CERP credit ratings data base (CRAIII Regulation), should be used for free and not restricted by commercial interests. For example, the data in the ratings data base cannot be accessed in a way that institutional uses are supported. Because of perceived IP issues, ESMA does not provide the possibility to search, use and download the ratings data in bulk as is necessary to support regulatory reporting under CRR, Solvency II or MMFR.

On data quality, we promote to establish uniform EU-wide validation rules prior of reporting, which should not be changed retrospectively (e.g., as part of a quality check). This would also greatly simplify the implementation of data quality checks by the competent authorities and the companies concerned.

Additionally, today regulatory reporting requirements may not provide any additional benefit for the reporting entity besides fulfilling its legal obligation. That means **regulatory reporting today often does not support the business activities in a measurable or observable way as long as regulatory reporting remains in a silo separate from other business activities.** Currently, data often is simply a means to an end, so there is no need to centralise oversight or to add structure or science to organisational data management. However, with a harmonised reporting package would help the industry and the public sector to be able to use all the organisation data in the new data driven economy. However, market participants and public sector entities also often need first to establish the foundations necessary to effectively manage their data or leverage the asset value of their data as their data infrastructures often are not built intentionally. Today their infrastructure consists of a hodgepodge of legacy infrastructures, in which disparate databases do not automatically speak to each other, single data elements have multiple meanings or vice versa, and data is created to “fit for purpose” in specific business processes – such as regulatory reporting – without being defined or understood. Data management science has evolved to add structure to how organisations can understand, maintain, and use their data. Understanding the precise meaning of data, how it is being used within the organisation, how it is being modified or manufactured, are some of the components of the science of data management. Prioritising and investing in data management are the next essential frontiers for all companies to profit from the standardisation benefits enabled by a harmonised EU reporting package.

Q8. How can semantic data integration best be achieved across reporting frameworks? Please identify areas where alignment would be most beneficial?

We consider the creation of binding definitions to be essential. In general, we support a common data dictionary at EU level based on the existing definitions under the AIFMD reporting, but refrain from transferring banking standards to the fund sector.

Additionally, we promote further development of fund classification. For this purpose, the European Fund Classification (EFC) developed by EFAMA could be used as a cost-free standard without a



licence key. However, the deep level of granularity available in the EFC should not be used as a basis for this, as the reporting key for the individual fund categories may otherwise change quickly (e.g., if the portfolio is reallocated). One suggestion could therefore be for ESMA to carry out the current classification itself on the basis of the detailed portfolio data available to it. However, from a regulatory perspective, classification should only be determined on the basis of what the fund is permitted to do according to its investment conditions and not on the basis of its current portfolio holdings. In any case, a distinction would have to be made between AIFs and UCITS when classifying funds. It would also be helpful if the fund category only had to be reported once (or when changes are made) with the master data.

Q9. Which of the proposed options do you consider most efficient? If possible, please quantify the expected cost and benefits for each option. Would you support an alternative option involving additional actors, such as centralised reporting infrastructures?

The ESMA proposals for data exchange are all based on the assumption of a standard form with a fully integrated reporting framework. Option IR1, proposed by ESMA itself and preferred by participants as a short-term solution with multiple reporting obligations and reuse of data, is not included in ESMA's proposals for data exchange. **Nevertheless, we prefer option 1 where all reporting entities would be required to submit their data to the competent national authority which would then continue distributing the relevant information to other authorities currently receiving it.**

In any case, we reject direct reporting to a centralised system. The national competent supervisory authorities should continue to have data sovereignty in each case. However, the specific data exchange between authorities (in the case of multiple reports) would still have to be regulated separately. To this end, ESMA has already been mandated under the AIFMD review to develop draft implementing technical standards for the exchange of information between the competent authorities, the ESAs, the ESRB and the members of the ESCB (see Article 50(6) AIFMD and Article 101(9) UCITS Directive). ESMA should therefore make swift use of this mandate.

One disadvantage of a purely centralised data collection, where financial entities report directly to one EU authority, could be that the NCAs would no longer have direct access to the data and would therefore no longer be able to individually assess such reported incidents with an impact on the national market. This disadvantage would not exist in the shared data hub model, as the national competition authorities would continue to have sovereignty over the data. In practise, the financial entities have contact persons at the NCAs to whom they can address questions about incident reporting in their national language and discuss any problems individually and quickly. This type of communication could be limited in a centralised EU hub and lead to delays in answering open questions. Otherwise, the centralised system needs to equip and finance the competent EU authority with specialised personnel which entails further unnecessary costs, because this personnel is already available at national level in the NCAs.

In a centralised data system, sensitive data is concentrated and therefore provides a target for potential cyber attacks. The risk of access to all data would therefore be lower with a more decentralised data collection with data sharing agreements.

Moreover, we also reject the proposed hybrid approach where **larger fund managers** would report directly to a centralised reporting system at the EU level, benefiting from more efficient, centralised processing, while smaller entities continue reporting to their national authority, which would then



forward that data to the centralised hub. We strongly disagree with the statement that larger fund managers would be more affected by the current duplications and inefficiencies. This assumption is incorrect, as all asset managers are affected by this. Therefore, it cannot be used as an argument for centralised reporting. However, in order to enhance effectiveness of supervision of asset managers (such as asset managers embedded in large, cross-border active financial groups) it could make sense to envisage enhanced cooperation and regular exchanges between the NCAs responsible for supervising the individual entities within the group.

Q10. How important is it to retain the supervising NCA as an intermediary between the reporting entity and the centralised system in the reporting process?

NCAs have long-standing experience in authorising and supervising asset managers and funds in their jurisdictions. They are close to the local markets and understand their specificities as well as the additional requirements applying to market actors (including investors and distributors) in critical areas where EU laws are not harmonised (e.g. corporate law, contract law, insolvency law, and tax law). Such thorough understanding of the environment in which the supervised entities operate, including their investor base, distribution networks and relating business models, is necessary for the supervisor's ability to implement risk-based and proportionate supervision.

The current model with NCAs or NCBs as a first data collector ensures that supervisor and the supervised entities have sufficiently frequent contacts to ensure they know each other well enough to ask questions without undue inhibitions. This is particularly important for new market entrants who need frequent interactions with the supervisor to understand the requirements they need to satisfy to receive authorisation. A supervisor who can exchange in the national idiom and understands the applicable requirements stemming not only from supervisory rules, but also from company and tax law, offers the most value and lowers the bar for new entrants.

The national supervisory authorities, have extensive experience and an established IT landscape due to the current standard practice of data collection. Establishing this was costly, and it would be a loss to no longer be able to access and use it.

Q11. Are there any other data sharing arrangements, either within or beyond asset management, that you believe would be beneficial for burden reduction?

We would like to point out that representatives of the European financial services sector established [FinDatEx \(Financial Data Exchange\)](#) in 2019 to support the development and use of standardised technical templates for the exchange of data between product manufacturers, distributors and other stakeholders when applying EU legislation. FinDatEx has standardised processes and published the following templates to date which are free of charge:

- The European ESG Template (EET) is a data exchange template for ESG data.
- The Solvency II Tripartite Template (TPT) facilitates the SCR calculation under the standard formula (standard model) and to support data delivery for QRTs. The template affects investment management companies which exchange data between funds and insurers.
- The European MiFID Template (EMT) applies to activities which are in the scope of MiFID II and transports accurate information of the target market and the costs by the manufacturers.
- The European PRIIPs Template (EPT) reflects the provisions as required by the PRIIPs Regulation.



- European Comfort PRIIPs Template: The use of this template is based on a bilateral („comfort“) agreement between providers of underlying options for PRIIPs and insurers.
- The European Feedback Template (EFT) standardises the information to be sent back from the distributor to the manufacturer under the MiFID II target market requirements.

Q12. Would a phased implementation of the potential changes outlined in the sections on “Integrated reporting” and “Reporting flows and data sharing” help ensure proportionality and facilitate smoother transition?

Yes. A longer period with various intermediate steps gives participants the opportunity to implement the changes in a much more targeted manner.

Q13. Do you consider that it would be beneficial to introduce a common standard, such as ISO 20022, across all reporting obligations within the asset management domain? What would be the costs and benefits for reporting entities of transitioning all reported data to a single standard? If ISO 20022 is not the preferred solution, what alternatives could be considered?

There is an urgent need for stronger integration in technological terms. The use of common reporting channels and standardised identifier, data, messaging formats and IT processes would enable supervisory bodies and regulators to better utilise the loads of submitted information for supervisory purposes, especially for the prompt detection of systemic risk, and might entail cost savings for market participants such as fund management companies which may run into millions of Euros. We therefore recommend that a harmonisation of the data architecture should be developed, which can be referenced by all EU regulations in the long run. This will reduce operational effort and burden for asset managers as well as supervisory authorities. **We therefore support the use of ISO 20022.**

In spite of EU-wide ISO 20022 based reporting standardisation efforts by regulators (e.g. ESMA EMIR and MIFIR messages, ECB Money Market Statistical Reporting (MMSR) and Bank of England SMMDC reports by banks) there remain large national differences in reporting requirements, IT standards and interfaces used by reporting entities, intermediaries (e.g. Trade Repositories), and report receivers, e.g. ESAs, ECB, NCAs, and NCBs. Funds and/or their asset managers, like other market participants, report certain transactions in derivatives (EMIR), securities (MiFID/MIFIR), and securities financing transactions (SFTR) as well as under the Transparency and Market Abuse Directives already today or in the future for the purpose of assessing systemic risk directly or indirectly through different reporting mechanisms to NCAs or the European Authorities (EBA, ESMA, EIOPA) and National Central Banks or the ECB. Following issues with data quality and lack of comparability of data resulting thereof, the regulatory authorities are increasingly engaged in the standardisation of certain data (e.g. identifiers (ISIN, LEI)) and reporting messages. This regulatory ‘nudging’ towards the use of ISO based standards may also help the industry to standardise other flows of other reference and market data the exchange of which is currently often inhibited by proprietary standards and licence requirements.

In any case, we reject CFI codes because they do not provide any significant added value, especially when the ISIN is available. Such codes should also not be provided by asset managers.

Q14. What would be the main advantages and disadvantages of using respective syntaxes (XML, JSON, XBRL) for reporting frameworks in the asset management sector?



The reporting formats should be based on XML and ISO standards (Option 1) which should be specified by the ESAs and can then also be used by all supervisory authorities and companies. This is the most widely used and common current standard and practice. It is a highly structured, machine-readable framework for seamless data exchange between authorities. It improves data quality and transparency and supports key validation functions. Ongoing use would limit costs and face experience from the reporting companies.

Q15. Would an increase of data granularity contribute to improved data quality, usability and reduced duplications? To what extent can the greater use of international standards (e.g. CFI codes, LEIs) and master data reduce the compliance costs and improve interoperability in regulatory reporting?

The LEI should be mandatory for all legal entities (Option 1). However, in individual cases, exceptions (e.g., transition period) should be possible if the LEI is currently unavailable, in order to prevent sanctionable misreporting.

Q16. What are your views on implementing security-by-security as the baseline granularity? What are the main benefits and costs of the presented options? What solutions should be envisaged to ensure a proportionate approach?

BVI is in favour of option SS1 contained in the ESMA discussion paper for identifying all relevant securities (including those without public identifiers) which is full security-by-security reporting. This means identification of all relevant securities, including those without public identifiers with application of harmonised requirements for all funds and types of securities. This should also apply to securities holdings in fund portfolios that only make up a small proportion of the total portfolio. The advantages are the use of a standardised template that enable to cross-sector and cross-country risk analysis.

The scenarios put forward for discussion by ESMA under option SS2 for exemptions for securities holdings without a public identifier are likely to be irrelevant from a German perspective, because the Bundesbank in Germany does not make use of the exemption for aggregated reports, but in all cases requires a list of all assets within the meaning of option SS1.

However, as already mentioned under question 5, we reject any duplication of existing ECB statistical reports, particularly regarding granular data on assets, within the framework of new AIFMD/UCITS reporting. ESMA should get these granular data on an individual asset basis via data exchange with the ECB or the NCBs, without the need for fund companies to report this data again. The specific data exchange between authorities (in the case of multiple reports) would still have to be regulated separately based on the mandate given to ESMA under Article 50(6) AIFMD and Article 101(9) UCITS Directive. ESMA should therefore make swift use of this mandate.

Furthermore, we point out that, as a result of the amended ECB Regulation, management companies will be required to report all non-financial assets (developed/undeveloped land, investments in real estate companies, containers, energy plants, aircrafts, ships, or other non-financial assets) on an individual basis from December 2025 onwards for statistical reasons. To this end, the Bundesbank has introduced an object ID that can be used to uniquely identify the relevant assets. This would enable ESMA to obtain information on these assets through data exchange with the ECB. In this respect, there is therefore no need to overload the new AIFMD and UCITS reporting with this information.



We would also like to point out that financial derivatives with a positive market value, such as options, forward transactions, and swaps, must also be reported on a gross basis for ECB statistics. In addition to the euro amount and the country, the transaction volume is also to be reported. We therefore propose analysing whether this reporting will be unnecessary in the future when reporting is standardised as a result of EMIR reporting and should be regulated via data exchange between ESMA and the ECB. The same should apply to securities financing transactions such as repurchase agreements and securities lending transactions, which are already covered by SFTR reporting and are therefore double-counted in ECB statistical reporting.

In this debate, we are also aware that there are EU Member States that do not belong to the euro area and are therefore not subject to ECB statistical reporting. However, this circumstance should not prevent the organisation of data exchange between ESMA and the ECB or between NCAs and NCBs. Instead, special arrangements would have to be made for the few countries concerned so that companies based there would also provide their competent authorities with granular data in accordance with ECB statistics. This effort should be relatively less than if new reporting requirements were introduced for the vast majority of asset managers in the euro area in AIFMD/UCITS reporting, which would duplicate the existing ECB statistical reporting.

Q17. With respect to share classes, what data should be considered for reporting at the share class level? What operational challenges do you face when reporting at the share class level?

We reject detailed reporting at the share class level. Share classes of investment funds do not develop individual investment strategies, they cover different types of distribution channels (and various share prices and fees for example) or different base currencies. Therefore, there is no specific additional risk nor performance engine at the level of the share class. Nevertheless, we could imagine reporting that a fund has share classes (specifying essential master data such as ISIN and currency).

With regard to the different costs and fees, please refer to our answer to question 2. Investor protection and cost assessments are not objectives of the AIFMD and UCITS reporting.

Q18. In your opinion, is it feasible to substitute aggregated reporting data with more granular data within supervisory and statistical reporting frameworks? If yes, what kind of data?

As already mentioned under question 5, we reject any duplication of existing ECB statistical reports, particularly regarding granular data on assets, within the framework of new AIFMD/UCITS reporting. ESMA should get these granular data on an individual asset basis via data exchange with the ECB or the NCBs, without the need for fund companies to report this data again.

However, the main challenge is to analyse which key valuable data would then be additionally necessary on an aggregated basis in the new AIFMD and UCITS reporting in order to enable better understanding and supervision. Insofar as ESMA assigns responsibility for determining risk indicators to fund companies, only those risk indicators that are required by the AIFMD and the UCITS Directive should be reported (e.g., leverage, utilisation of the global exposure limit using “value at risk” or commitment approach). ESMA should then determine all other risk indicators itself on the basis of the statement of assets using ECB statistical reporting or other reports (e.g., EMIR, SFTR).



In any case, the results of stress tests should not be expanded to include further requirements for determining specific stress test indicators/scenarios. Rather, it should be sufficient (as in the current AIFMD reporting) to determine sensitivities for the main risks at an aggregated level. We also do not consider the current reporting of the largest counterparties or issuers to be useful if this information is not linked to statutory or contractual limits.

We see further high-value data in the liquidity buffers and information on investor structure in accordance with AIFMD reporting, which can also be transferred to UCITS, as well as the LMTs (which would need to be supplemented by the new LMTs following the AIFMD review).

Q19. What additional areas should be investigated under the integrated reporting initiative in terms of data granularity and standardisation?

We are in favour of using uniform master data across all reporting forms via a centralised system. However, our members see practical problems in this context, as the fund launch must in any case be reported to/approved by the competent supervisory authority, which means that master data is already generated. However, this process always takes place earlier than the first regular report, which means that there may be duplication of master data information/reports. Since there are also different practices among supervisory authorities with regard to the point in time at which a fund qualifies as a fund, ESMA should also push for uniform procedures in this area.

Q20. Do you consider that frequency should be aligned across reporting regimes and jurisdictions? If yes, what frequency (monthly or another) would provide the best balance of costs and benefits? What kind of challenges would you expect in implementing it?

No. With regard to the frequency of data collection, we consider the existing frequencies of the AIFMD reporting (based on quarterly reporting with exemptions) for the new template for AIFs and UCITS (and their managers) to be the best approach taking costs and benefits into account based on our proposal for an intermediate step, while monthly reporting for statistical reporting as in place should be continued.

Q21. What solutions and criteria should be envisaged to ensure a proportionate approach with respect to the reporting frequency?

We refer to our answers to questions 5 and 20. AIFMD reporting can be cited as an example here, as it applies a corresponding gradation with regard to frequency (see Art. 110(3) of the Delegated Regulation (EU) 231/2013).

Q22. Given that daily reporting requirements are already implemented in certain Member States, how such a frequency could be set up to ensure an integrated approach while avoiding a disproportionate burden for reporting entities?

We are strictly opposed to daily reporting and consider quarterly surveys to be appropriate, especially given that basic data is stable and rarely changes. The only exception should be for *ad hoc* reporting in crisis situations where rapid data collection is required.



Q23. How the reporting template for use in exceptional circumstances be designed to minimise the complexity for reporting entities, while ensuring sufficient flexibility to adapt to the specific nature of a crisis situation?

Reporting in times of crisis and the associated ad hoc reporting is a different issue from the regular integrated collection of funds' data and should be discussed separately. It is difficult to achieve uniform data collection for this purpose, as every crisis is different, and the data required for analysis varies accordingly. We therefore reject the idea of a separate database for data requests to improve the coordination of *ad hoc* data requests at national level. We also reject a uniform EU-wide form for *ad hoc* reports in exceptional circumstances.

Q24. Are there any other dimensions not considered in this discussion paper that are relevant for the establishment of a more integrated reporting system? If yes, please provide specific examples and your views on potential improvements that can be made and their priority.

No.
