

Response

ESMA CP on Draft technical standards on the provision of investment services and activities in the Union by third-country firms under MiFID II and MiFIR

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About AFME

The Association for Financial Markets in Europe represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. We advocate stable, competitive, sustainable European financial markets that support economic growth and benefit society. AFME is the European member of the Global Financial Markets Association (GFMA) a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) in Asia. AFME is registered on the EU Transparency Register, registration number 65110063986-76.

Introductory remarks

AFME welcomes the opportunity to respond to ESMA's Consultation Paper: Draft technical standards on the provision of investment services and activities in the Union by third-country firms under MiFID II and MiFIR.

We have set out below our responses to the individual questions in the consultation. However, these should be understood in the context of the following observations.

Need for proportionality and alignment with the equivalence framework

AFME notes the benefits of continued connectivity between the EU and third countries, particularly in capital markets. A well-calibrated equivalence framework is one which is proportionate in the requirements imposed on third country firms, given that one of the purposes of the equivalence framework is to avoid the complexities of third-country firms seeking authorisation within the EU. This, in turn, enables EU professional investors and eligible counterparties to access international capital and liquidity, investment and funding opportunities. Not only is this complementary to the EU's objective to increase the size and capacity of capital markets through the Capital Markets Union, but it also allows for better prudential risk management and transmission of shocks across different regions through access to a greater pool of liquidity¹. The current volatility in financial markets, caused by the global COVID-19 pandemic, further illustrates the importance of access to deep pools of liquidity across markets.

AFME notes that the level of granularity of information ESMA proposes to require from third-country firms (both on registration and annually) in the draft technical standards prepared under Article 46 MiFIR is significantly greater than that set out in the Level 1 text.

As ESMA notes in the consultation paper (at page 11), ESMA's powers at the registration stage are relatively limited. Once an equivalence decision has been adopted by the Commission and the relevant cooperation

¹ Please refer to AFME's paper "Equivalence and Enhancing International Cooperation in Financial Services", published in January 2020, for further details. These and other benefits of a well-functioning equivalence regime are also outlined in a position paper, published in February 2020, by the Association of German Banks on the further development of the EU's equivalence regime.

arrangements have been established with the third-country regulator, Article 46(2) MiFIR merely requires (i) confirmation of the relevant third-country firm's local permissions in respect of the activities to be provided by the firm within the EU, (ii) that the relevant firm is subject to effective supervision and enforcement and (iii) that processes for the annual reporting have been put in place. The requirement in Article 46(4) MiFIR that a third-country firm should provide ESMA with "all information necessary for its registration" should be assessed and limited by reference to what is "necessary" at the stage of registration and in light of Article 46(2). Requiring additional information at the registration stage could lead to delays and uncertainty of outcomes in the registration process, and it could ultimately discourage third-country firms from seeking registration.

Article 46(6a) requires relevant third-country firms to provide (on an annual basis) the information listed in Article 46(6a)(a)-(h), which includes "any other information necessary to enable ESMA or the competent authorities to carry out their tasks in accordance with [MiFIR]". The proposed annual information requirements need to be assessed against the information listed in Article 46(6a) and, where they don't fall within any of the specific information requirements listed, against whether they are responsive to, and necessary for, ESMA or competent authorities' tasks under MiFIR. That assessment should also bear in mind that ESMA has powers under Art 46(6a) to request additional information from relevant firms (as further discussed below).

AFME considers that the information ESMA proposes to collate on registration is akin to that which would be required of firms seeking authorisation or establishing a branch within the EU. AFME also considers that ESMA's approach in this context should be aligned with the general objectives and approach to equivalence frameworks in EU legislation, as articulated by the European Commission: "The main EU approach, referred to as equivalence, involves a positive assessment of the third-country framework, which enables reliance on third-country rules and the work of the third-country supervisor² [AFME emphasis]." This equivalence assessment is carried out by the European Commission under Article 47 MiFIR as a prerequisite to any third country firms' registration with ESMA. The granularity of information proposed to be collated by ESMA on registration, as well as very granular annual reporting, appear not to take fully into account the overarching assessment carried out by the European Commission and the "reliance on third-country rules", supervision and enforcement regimes which flow from it.

By requiring information which would usually be collected by third country firms' local regulators for the purposes of supervision, the proposals also appear to suggest that ESMA may assume supervisory power over third-country firms (or at least would collate information which would enable ESMA to exercise such supervision). This additional power is not provided for in the Level 1 text and appears to be inconsistent with the principle of deference to the "work of the third-country supervisor" outlined above.

AFME acknowledges that ESMA will have enhanced responsibilities under Article 47(5) MiFIR, which requires ESMA to monitor "regulatory and supervisory developments, the enforcement practices and other relevant market developments" in equivalent jurisdictions in order to verify whether "the conditions on the basis of which [equivalence decisions] have been taken are still fulfilled". We support the appropriate fulfilment of those responsibilities and ESMA's overall role as an EU authority with responsibilities for protecting investors and promoting orderly markets in the Union. However, we question whether some of the proposed granular information to be collated from individual firms (other than data concerning third country firms'

² Communication from the European Commission on equivalence in the area of financial services, July 2019. The Commission states: "The main EU approach, referred to as equivalence, involves a positive assessment of the third-country framework, which enables reliance on third-country rules and the work of the third-country supervisor. In practice, the EU may determine that the regulatory or supervisory regime of a third country is equivalent to the corresponding EU regime and this allows authorities in the EU to rely on supervised entities' compliance with equivalent rules in such third country. This approach involves decision-making processes by the Commission, preceded by an assessment which follows criteria established in EU law. From the outset, it also involves dialogue with the authorities of the third countries under assessment. This approach reconciles the effectiveness of the EU single rulebook and supervision and enforcement by EU authorities with offering adequate opportunities for cross-border activity in financial services and markets. Indeed, equivalence decisions can contribute to foster cross-border business."

underwriting/placing and own account dealing activities within the EU, which ESMA is specifically asked to analyse to determine relevant trends) is directly linked to, and assists ESMA in fulfilling, its new responsibility under Article 47(5).

ESMA's role under Article 47(5) is to identify trends and relevant developments in the relevant third countries *generally*. This does not impose a particular investor protection objective or instil in ESMA powers to supervise, or to monitor trends at, individual third-country firms³, and AFME considers that the principle of deference to third-country supervisors is unaffected by the changes made to Article 47(5). AFME considers that much of the information that could inform ESMA's trend analysis would be better obtained directly from third-country supervisors through MoUs, or from competent authorities in the Member States in which third-country firms operate. In particular, AFME notes that much of the information which ESMA proposes to collate is of a narrative nature, meaning that the information will be presented differently by individual firms. Such narrative data may be difficult and costly for ESMA to collate and compare, and any comparison may not ultimately be meaningful. We therefore question whether the costs for third-country firms in producing such information, together with the costs for ESMA to collate and compare it, do not clearly outweigh the benefits, particularly where more useful data could likely be obtained from third-country supervisors or relevant competent authorities⁴.

In this context, we also note again that ESMA has the power to request further information from *individual* third country firms pursuant to Article 46(6a) MiFIR, where necessary. It is our view that ESMA should bear this specific additional information power in mind when calibrating the annual information requirements which will apply to *all* relevant third-country firms. In doing so, ESMA should aim to limit the resource burden associated with very granular information requirements (on registration or annually) as much as possible, by using (amongst other sources) additional information requests addressed to individual firms where necessary⁵.

As outlined at the outset, AFME notes the many important benefits of a well-calibrated equivalence framework. Given this, AFME considers that the equivalence framework should be proportionate in the requirements imposed on third-country firms, so as to avoid discouraging firms from utilising the framework, to the detriment of EU professional investors and eligible counterparties and markets.

We have indicated in our responses below where we consider that the information requirements proposed by ESMA go beyond what is mandated by the Level 1 text and appears disproportionate in light of the equivalence framework.

The draft technical standards give rise to various practical issues

AFME considers that many of the information requirements appear disproportionate not just in relation to ESMA's tasks under MiFIR, but also in relation to the activities provided by relevant third-country firms. Many

³ This is in contrast to ESMA's role in circumstances where the European Commission has, under Article 47(1) MiFIR, "attach[ed] specific operational conditions to equivalence decisions" where third-country firms' activities are likely to be systemic, and which are specifically aimed at enabling ESMA to take a monitoring role closer to that of a supervisor.

⁴ For that reason we also do not believe that there is a need or justification (given the additional resource burden this would place on relevant firms) for greater standardisation in how third-country firms report the information which ESMA proposes to collate.

⁵ For completeness, we also acknowledge ESMA's additional powers pursuant to Article 49 MiFIR in respect of particular *individual* third-country firms. We consider that the power in Article 49(1) to temporarily prohibit or restrict the services a particular third-country firm in the EU is only triggered where the relevant firm fails to comply with an *additional* information request by ESMA under Article 46(6a) MiFIR. ESMA's power under Article 49(2) to withdraw a third-country firm's registration is only triggered in very limited circumstances involving, in particular, the failure of a third-country regulator to act. Although the annual information collected by ESMA may potentially play a role in allowing ESMA to exercise its power under Article 49(2) in respect of a *very small number* of third-country firms, it is AFME's view that this does not justify ESMA requesting extremely granular data, on registration and/or annually, from *every* third-country firm. To do so would risk circumventing the purposes of the equivalence framework, one of which is to avoid the complexities of third-country firms seeking authorisation within the EU. In the context of Article 49(2), too, we suggest that ESMA could use its powers under Article 46(6a) to request additional information from *individual* firms where suspicions or concerns exist based on data ESMA receives, for example through transaction reports or through third-country regulators or EU national competent authorities.

of the specific information requirements make no reference to an EU nexus and/or do not contain a materiality threshold, making compliance unduly onerous for third-country firms. We comment in more detail in our responses to the individual consultation questions below.

AFME responses to the questions set out in the consultation

Question 1 – Do you agree with the list of information to be requested by ESMA from applicant third-country firms for registration in the ESMA register? If no, which items should be added or deleted and for which reasons? Please provide detailed answers.

As set out in the introductory remarks above, we consider that several of the information requirements proposed by ESMA go beyond what is mandated in the Level 1 text (Article 46(4) MiFIR) and blur the lines of ESMA's, the European Commission's and third-country firms' local regulators' roles under the equivalence framework.

Information on how the activities of the third-country firm in the EU will contribute to the strategy of the firm or, where relevant, of its group (see Article 1(1)(f) RTS, and Annex I, field 6): AFME believes that information about a third country firm's strategy in respect of its EEA operations, and the reasoning for not setting up a branch or subsidiary in the EU, is the type of information usually required by a firm's regulatory supervisor. As noted, the equivalence framework provides that the third-country firm's local regulator (rather than ESMA) retains powers of supervisory oversight over the third-country firm.

Description of the governance arrangements of the third-country firm (see Article 1(1)(g) RTS, and Annex I, fields 7-9): The granular information on third-country firms' governance arrangements which ESMA proposes to collate requires description of reporting lines (see field 9) and extends beyond the governance relating to such firms' operations within the EU (e.g. in field 8, which requires details of any person effectively directing a relevant firm's business). AFME considers that this information is akin to that required by a supervisor, and that it therefore extends beyond what is necessary for registration (Article 46(4)) and for ESMA to carry out its functions under MiFIR and within the equivalence framework. We question whether ESMA requires this information at all, but in any event this information requirement should be limited to information on governance arrangements which are relevant to third-country firms' operations in the EU (noting that the annual reporting requirement relating to governance arrangements in Article 46(6a)(g) MiFIR is limited by reference to the activities of relevant firms in the EU).

Description of the investor protection arrangements of the third-country firm (see Art 1(1)(i) RTS, and Annex I, fields 13-17): The detail required is very granular and covers suitability, best execution, client order handling, product governance and conflicts management. Again, AFME considers that this information is akin to that required by a supervisor, and that it therefore extends beyond what is necessary for registration (Article 46(4)) and for ESMA to carry out its functions under MiFIR and within the equivalence framework. We question whether ESMA requires this information at all (noting also that third-country firms would only use the regime to provide services to professional clients and eligible counterparties). But in any event this information requirement should be limited to information on investor protection arrangements which are relevant to third-country firms' operations in the EU.

Information regarding third-country firms' compliance, audit and risk management functions (see Art 1(1)(l)-(m) RTS, and Annex I, fields 23-28): The detail required is very granular. As above, AFME considers that this information is akin to that required by a supervisor, and that it therefore extends beyond what is

necessary for registration (Article 46(4)) and for ESMA to carry out its functions under MiFIR and within the equivalence framework. At a minimum, this information requirement should be limited to information which is relevant to third-country firms' operations in the EU, and this should be reflected in Article 1 of the RTS (as it is in Article 2 of the RTS in relation to the annual reporting requirement).

Information on the investment services, investment activities and ancillary services to be provided in the Union, together with the expected number of clients and counterparties and total net turnover (see Article 1(1)(e) RTS, and Annex I, field 5): AFME cautions that the number of clients/counterparties that third-country firms provide to ESMA is likely to be a proxy due to a multi-jurisdictional nexus of clients/counterparties and their legal representatives. ESMA could usefully clarify that reasonable estimates of client/counterparty numbers and total net turnover should satisfy this requirement, and that relevant firms will not be required to provide updates to this information ahead of the annual report to ESMA.

Information on arrangements (including IT arrangements) set up by third-country firms for algorithmic trading, high frequency trading (HFT) and direct electronic access (DEA) (see Article 1(1)(k) of the draft RTS): AFME notes that this item is not reflected in the table in Annex I. AFME considers that this information is akin to that required by a supervisor, and that it therefore extends beyond what is necessary for registration (Article 46(4)) and for ESMA to carry out its functions under MiFIR and within the equivalence framework. We question whether ESMA requires this information at all. But in any event this information requirement should be limited to information on arrangements relating to algorithmic trading, HFT and DEA which are relevant to third-country firms' operations in the EU.

General comments: Please note that we have included some general comments which are relevant across several of the RTS/ITS consulted on in our response to question 6 below.

Question 2 – Taking into account the list of information in Article 46(6a) of MiFIR, as amended by the IFR, do you agree with the list of information that third-country firms providing investment services and investment activities in the EU in accordance with Article 46 of MiFIR should report on an annual basis? If no, which items should be added or deleted and for which reasons? Please provide detailed answers.

As set out in the introductory remarks above, we consider that several of the annual requirements proposed by ESMA go beyond what is mandated in the Level 1 text (Article 46(6a) MiFIR), including beyond "information necessary" to enable ESMA to carry out its enhanced responsibilities under Article 47(5) MiFIR.

Information about complaints received by the third-country firm in the Union (see Article 2(1)(r) RTS, and Annex II, field 23): AFME believes that the request for complaints data from third-country firms, including by topic and by financial instrument, goes beyond the information specifically mandated in Article 46(6a) MiFIR, including Article 46(6a)(h). Under the equivalence framework, supervisory power remains with relevant firms' third-country supervisor, rather than ESMA, and ESMA is not empowered to assess the adequacy of such firms' complaints procedures. As outlined above, ESMA's obligations to monitor and report on certain regulatory and supervisory trends in relevant third countries does not extend to a review of developments or trends at individual firms.

In any event, the information which ESMA proposes to collate in respect of complaints is not suited to wholesale markets and business conducted between eligible counterparties/professional clients. In addition, such data is likely to be highly subjective and not comparable between firms, and it is therefore questionable

how useful such data would be for the purposes of ESMA's trend monitoring obligations. AFME would encourage ESMA to clarify the rationale for requesting complaints data from third-country firms. If that information is required at all, AFME considers that it may be more appropriate for ESMA to obtain relevant complaints data from third-country firms' local regulators pursuant to MoUs, rather than asking firms to produce the data specifically for ESMA in a way that may differ from complaints data produced locally.

Information on the compliance, audit and risk management functions, including reporting lines between a third-country firm's key function holders (see Article 2(1)(t)-(v) and (3)-(5), and Annex 2, field 11): This information requirement does not appear to fall into a specific item within Article 46(6a) MiFIR, or to be responsive to ESMA's functions under MiFIR, including the trend monitoring requirements under Article 47(5).

Third-country firms are asked to provide details of the structure of the compliance, audit and risk management functions, including on the number of staff in charge of EU operations, as well as their qualifications and reporting lines. AFME believes that many firms (in particular smaller firms) will not distinguish between EU and non-EU operations in this way. Firms may have their risk and compliance arrangements set at an entity level, rather than splitting such functions by reference to different jurisdictions. In AFME's view it is unclear why ESMA would need third-country firms to provide information on qualifications, reporting lines and numbers of staff. Under the equivalence framework, supervision of third-country firms' broader governance arrangements remains the responsibility of their local regulator. AFME recommends that ESMA utilise MoUs/cooperation agreements in place with third-country regulators rather than asking third-country firms to provide the same information twice and in potentially different ways, which could prove unduly onerous to relevant firms.

AFME also has concerns regarding the requirements for third-country firms to provide confidential information regarding findings of the compliance, internal audit and risk functions, as well as regarding deviations by senior management from important recommendations or assessments of the compliance function.

Changes to the description of governance arrangements (see Article 2(1)(g) RTS, and Annex II, fields 7-9): We note that ESMA proposes that third-country firms update ESMA on *any* changes to their governance arrangements, rather than limiting this requirement to "material changes" (as is the case with most of the other annual reporting requirements listed in Article 2(1) of the RTS). AFME considers that it would be unduly onerous to require firms to update the (extremely granular) information on their governance arrangements (as to which see our response to question 1) for *any* changes, and strongly urges ESMA to include a materiality threshold within Article 2(1)(g) of the RTS and the relevant fields in Annex II. In addition, as indicated in our response to Question 1 above, we consider that the information requested should be limited to governance arrangements which are relevant to third-country firms' operations in the EU (noting that the Level 1 text in Article 46(6a)(g) MiFIR, on which this annual information requirement is based, indicates such a limitation).

Material change to the information provided on third-country firms' strategy (see Article 2(1)f, and Annex II, field 6): We note in our response to question 1 above that supervisory powers are retained by relevant third-country regulators under the equivalence framework and that we do not consider the information as to third country firms' strategy to be specifically mandated under Art 46(4) MiFIR. Similarly, AFME does not believe that Article 46(6a) or ESMA's monitoring role under Article 47(5) MiFIR provide a mandate for requiring an annual update on material changes.

Activities/services provided by third-country firms, number of clients/counterparties and net turnover (see Art 2(1)(j)-(l) RTS, and Annex II, fields 15-17): AFME questions whether global information

(with respect to clients, counterparties and net turnover) is necessary, as it is unclear what such information would show. For example, if such information is intended to show the relative importance of the third-country firm's EU operations to overall operations, this could arguably be irrelevant since the third-country firm's EU operations could be significant (relative to other EU participants) but small compared to total operations. This information, to the extent it covers regions outside the EU, also goes beyond the information ESMA is mandated to collate pursuant to Article 46(6a) and is not responsive to ESMA's trend monitoring obligations under Article 47(5) MiFIR.

With respect to Annex II, field 15 (numbers of clients/counterparties, total net turnover per Member State, list of financial instruments and services), AFME believes that the list of financial instruments and services should only have to be provided if it has changed, rather than repeating the same information each year.

Question 3 – Do you have any comments about the format details provided in the draft implementing technical standards under Article 46(8) of MiFIR? If no [sic], what would you add, delete or amend and for which reasons? Please provide detailed answers.

No comments.

Question 4 - Do you agree with the additional details provided in the draft implementing technical standards under Article 41(5) of MiFID II? If no, what would you add, delete or amend and for which reasons? Please provide detailed answers.

No comments.

Question 5 – Do you agree with the cost benefit analysis as it has been described in Annex II?

As discussed in our introductory remarks, AFME notes the benefits of continued connectivity between the EU and third countries, including access for EU professional investors and eligible counterparties to international capital and liquidity, investment and funding opportunities. Amongst other benefits, this supports EU firms' prudential risk management and therefore the integrity and stability of financial markets in the EU.

As such, AFME agrees that the benefits of the equivalence framework outweigh the costs, provided the framework is well-calibrated. As noted above, AFME considers that a well-calibrated equivalence framework is one which is proportionate in the requirements imposed on third-country firms. We have outlined above why we consider some of the granular information requirements ESMA seeks to impose on third-country firms accessing EU markets without establishing an EU branch to go beyond ESMA's mandate under MiFIR, as well as putting into question the purpose of the equivalence assessment carried out by the European Commission and the supervisory role of such firms' local regulators.

Excessively granular information requirements put undue burden and cost on relevant third-country firms. In our responses above, we have identified instances where this potential cost may be avoided by ESMA obtaining information it requires to fulfil its functions in other ways, for example through using cooperation arrangements with third-country regulators, or through allowing third-country firm to submit data which more closely tracks that already prepared for submission to their third-country regulator. In other cases, it is not clear that the potential cost of producing particular information is outweighed by a particular benefit (e.g.

an investor protection need) for EU professional investors or eligible counterparties. AFME considers that ESMA has not fully assessed the need for some of the granular information requirements, or the different options for obtaining information (if it is needed), nor measured whether the potential benefits for EU professional investors/eligible counterparties, competent authorities and markets more generally truly outweigh the potential costs for third-country firms.

More specifically, as regards costs, ESMA states in the cost-benefits analysis that whilst firms may face potential and incremental costs when implementing the draft Article 46 RTS and ITS, these drafts provide the most cost-efficient solution to achieving the general objectives above, and that these are the minimum information requirements for ESMA to fulfill its new responsibilities. AFME members do not agree with this assessment. As noted in the main body of our response above, for example, it is unclear why ESMA should require data on third-country firms' activities outside the EU in order to meet its obligations under Article 47(5) MiFIR. In other examples (such as reporting lines), ESMA duplicates requirements for third-country firms to provide data that is in practice already submitted to the third-country regulator. ESMA's wide-ranging and granular approach is not cost-efficient, and in our view exceeds what is necessary for ESMA to meet its obligations stemming from the Level 1 text.

More specifically, with respect to benefits, AFME does not agree that third-country firms will no longer have to monitor national third-country regimes once Article 46 MiFIR is activated. Third-country firms will need to continue to monitor national regimes as potential fallbacks if there is any reasonable chance that equivalence could be withdrawn. We also note that EU national competent authorities currently make only limited requests of third-country firms that wish to provide investment services and activities in the Union. This means that harmonising around ESMA's granular and wide-ranging approach to the information requested on registration and on an annual basis will increase third-country firm's ongoing costs.

AFME members would therefore urge ESMA to carry out a more detailed cost-benefit analysis in respect of the collection of the relevant information from third-country firms accessing EU markets without establishing a branch.

Question 6 – Are there any other additional comments that you would like to raise and/or information that you would like to provide?

The following general comments are relevant across several of the RTS/ITS consulted on in the current consultation.

Information on investment services/activities: Third-country firms are asked to provide details on the investment services/activities which they are authorised to provide, and to give details of relevant financial instruments in relation to which the services/activities are to be performed. In this context, the draft RTS/ITS specifically refer to the investment services, activities and ancillary activities, and the financial instruments, listed in Annex I to MiFID. Given that local permissions of third-country firms may not always be identical to the MiFID services/activities and products, it may be useful for the RTS/ITS to refer to the relevant MiFID Annex "or relevant local equivalents".

Information on the competent authorities of the third country responsible for the supervision of the third-country firm (see, for example, Article 1(c) RTS, and Annex I, field 3): AFME would appreciate clarification around which body(ies) constitutes a third-country firm's competent authority, as there could be multiple supervisory/regulatory bodies in some third countries. The concept of 'NCA' is well-defined in EU

regulation but is less clear when considered from an overseas perspective. For example, are self-regulatory organisations (SROs) considered competent authorities for the purposes of this field? A third-country firm could be subject to regulatory oversight from many 'regulators' but not all of them will necessarily be relevant for the purposes of assessing whether a third-country firm should be (or remain) registered. AFME believes that the relevant fields should be limited to the 'principal' regulatory authority responsible for supervising the third-country firm in respect of the activities/services the third-country firm seeks to provide within the EU.

AFME would also welcome clarification that the information that ESMA plans to request from third-country firms pursuant to Article 1(c) RTS and Annex I, field 3 (and equivalents elsewhere in the RTS/ITS consulted on) would apply to third-country firms at a parent legal entity level and not at a branch level. As currently drafted, the information requirement may capture competent authorities in other third-country jurisdictions where the third-country firm may have branches. AFME believes that 'third country' should be limited to the part of the third-country firm that is materially connected to the provision by the firm of services/activities in the EU.

Timing of annual reports (both Article 46 MiFIR and Article 41 MiFID II technical standards): Third-country firms would need to provide annual reports by 31 March, covering the period from 1 January to 31 December of the preceding calendar year. AFME note that this is a relatively short time frame, which could be problematic due to the granularity and wide scope of the information requested in the reports (if not reduced in scope altogether, or properly limited to information relevant to firms' activities in the EU and to material changes only, as discussed above). We also note that much of the detail required by ESMA cannot easily be derived directly from the accounts or from other regulatory reports produced by third-country firms.