



# ESAP MODEL & EXECUTION STRATEGY CONSIDERATIONS

**FE fundinfo Response to ESMA's Consultation Paper**  
Re: Draft ITS specifying certain tasks of collection bodies  
and certain functionalities of the European Single Access Point

# FE FUNDINFO AT A GLANCE

**We are a global leader in investment fund data and technology, connecting the fund management industry to inform better investment decisions.**

Trusted for our data, technology solutions, research and analysis, open global distribution and expert insights, we provide **transparency** and enable **efficiency** to unlock business potential for asset managers, fund managers, distributors and financial advisers.

## POWERING THE INVESTMENT INDUSTRY

- **300+** media, business and technology partners across Continental Europe, the United Kingdom and Asia
- **40/50** top global fund managers rely on our data & technology
- **£4.4bn** in assets managed by FE Investments and we operate one of the fastest growing DFM on platform
- **80%** of UK financial advisers who consume third-party research for fund selection use our software

## WHO WE WORK WITH

Our experts serve fund managers, fund distributors, financial advisers, banks, platform providers, insurance and life and pension companies as well as private investors throughout the UK, Europe and Asia.

- 1,000+ Fund Managers
- 120+ Banks & Brokers
- 30+ Platforms
- 60+ Life & Pension Companies
- 300+ Third Parties & Partners
- 4,200+ Financial Advice & Paraplanning Firms

## WHAT DRIVES US

With more than 1,200 experts working from 15 countries around the world, we believe in bringing trust, connectivity, and innovation to the fund industry.

# FE FUNDINFO CONNECTING WITH NCAs

## We are the main leader in Europe regarding transmissions to NCAs

Our platform ensures quality control and secure transmissions to comply with regulatory requirements.

### POWERING THE COMMUNICATIONS to NCAs

- **63+ NCAs** across Continental Europe, the United Kingdom and Asia
- **1,100+ filing entities from the financial sector use our solutions**
  - Primary focus on Asset managers, Asset servicers and third party providers. Also includes banks, insurance companies and other financial institutions.
- **3.5m documents and reports transmitted to NCAs annually**

## HELPING TO STREAMLINE THE REGULATORY PROCESSES

We help 1) the Supervised Entities address the regulatory transmission challenges and 2) the NCAs streamline their operating models:

- Effective support for set-up and run
- Security and control on users and workflows via a simple interface
- Efficient monitoring facilitated by interactive dashboards
- Archiving facility for transmissions and full audit trail
- One unique multi-NCA gateway

Our recognised expertise range from:

- Regulatory watch and expertise
- Document production leveraging our data management capabilities
- Document transmission and lifecycle management

# ESMA ESAP CONCEPT AND IMPLEMENTATION PRINCIPLES

- **Starting point:** the implementation of ESAP by ESMA needs to comply with the current regulations, without possibility to add reporting / data requirements to the current landscape
- **Current implementation strategy principles by ESMA for ESAP:**
  - ESAP will be an additional layer of technology on top of NCAs' own architectures
  - ESMA has released draft requirements on what NCAs have to provide to enable the ESAP implementation (requirements subject to a consultation)
    - Communication channel via API
    - Definition of scope, format and quality of data
    - Requirements on transmission timeframes and notifications
  - ESMA will at a later stage define new reporting standards via RTS (announced for UCITS and AIFMD) to push standardisation
- **Main risk identified in the current ESAP implementation strategy for ESMA:**
  - **Quality:** real risk of inconsistencies in data format and content across all NCAs unless specified down to the data point
  - **Time to market:** it is likely that some NCAs will struggle to comply with the plan and the deadlines imposed by ESMA

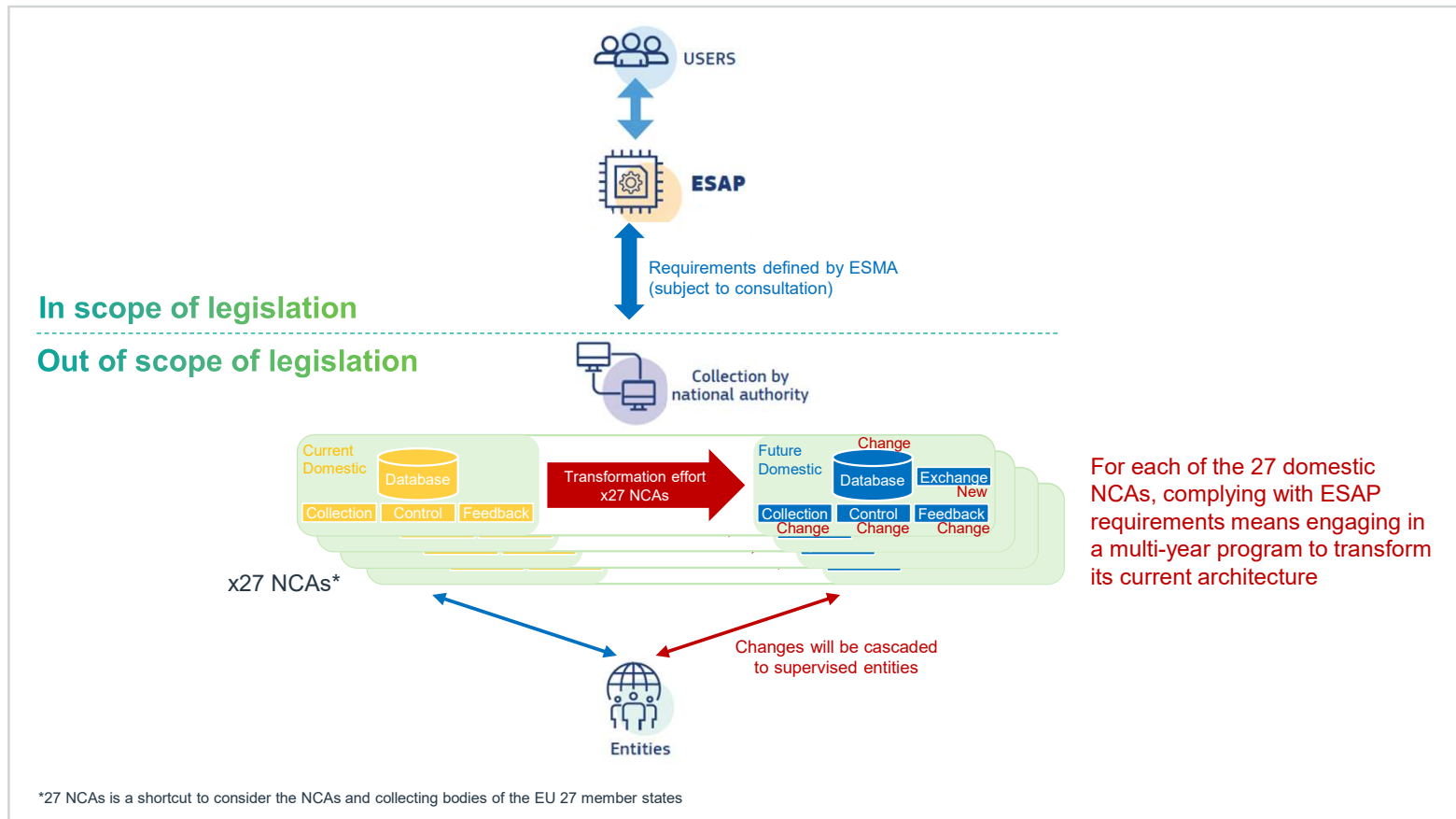
# IMPLEMENTATION CHALLENGES FOR NCAS



- **NCAs face challenges in terms of solution and process alignment** to comply with ESMA requirements:
  - Reporting / data collection now needs to follow stricter rules: format, content, quality and timing
  - Storage of data by NCAs will have to enable:
    - The new control/validation processes
    - A timely transmission to ESAP
  - Workflow / status management implementation is required to inform ESAP about issues in collection / processing of data
- **Main risks identified in the current model for NCAs:**
  - The ESMA requirements mean a decentralisation of controls and processes to ensure a homogeneous ESAP data feed from each NCA
  - Execution risk is high as all NCAs have to engage in a similar multi-year project plan to deliver results according to the ESMA plan. Key challenges are:
    - **Budget:** multi-year allocation required by each NCA. Extra funding required as not covered by ESMA's ESAP budget
    - **Technology:** current NCA architectures might not be scalable / flexible to comply with requirements
    - **Expertise:** NCAs might face a short supply of skilled staff in-house to manage such sizable transformation

# THE ESAP MODEL AND THE NCA CHALLENGES

(Simplified where NCAs are the collection body)





# ALTERNATIVE IMPLEMENTATION STRATEGY FOR NCAs

- **We believe that the implementation of the end-to-end model could be facilitated and accelerated, provided an intermediate layer is built at NCA level**
  - That would help NCAs manage the transition
  - That would enable ESMA to make the ESAP more successful by improving the quality of the information to be disclosed
- **Concept: implementation of a «multi domicile sub-ESAP» shared repository between NCAs that mutualises costs, reduces implementation risks and ensures ESMA data quality requirements compliance**
  - Parallel new architecture implementation:
    - Scope according to ESMA feeds
    - Living in parallel to the NCAs' current architectures
    - Switching flows from current architecture to the new one according to ESMA plans
    - Opportunity to building on FE fundinfo's successful Fund Information Hub platform, widely used by Asset Managers across Europe. Possibility to leverage a state-of-the-art technology and data workflows to create a Supervisor Information Hub addressing all of ESMA's requirements and guaranteeing a smooth transition for every NCA in-scope.
  - Possibility to mutualise the architecture across multiple or all NCAs
  - Cyber risk mitigation. E.g. Sovereign cloud and best security standards
  - Standardisation of data scope, formats, quality. E.g. Usage of industry formats like Openfunds
  - NCAs benefit from quality data to perform their domestic supervision duties. E.g. Standardised processes to create an EU level playing field
  - Proper management of confidentiality and disclosure E.g. data status management
  - Scalable and flexible solution to manage changes at once for all participants
- **Remark:** this Sub-ESAP concept could be part of a standalone NCA execution strategy, even without mutualisation across multiple NCAs. However, mutualisation with participation of several NCAs would bring more benefits in terms of risk mitigation, budget allocation, standardisation and time-to-market

# ALTERNATIVE EXECUTION STRATEGY BENEFITS

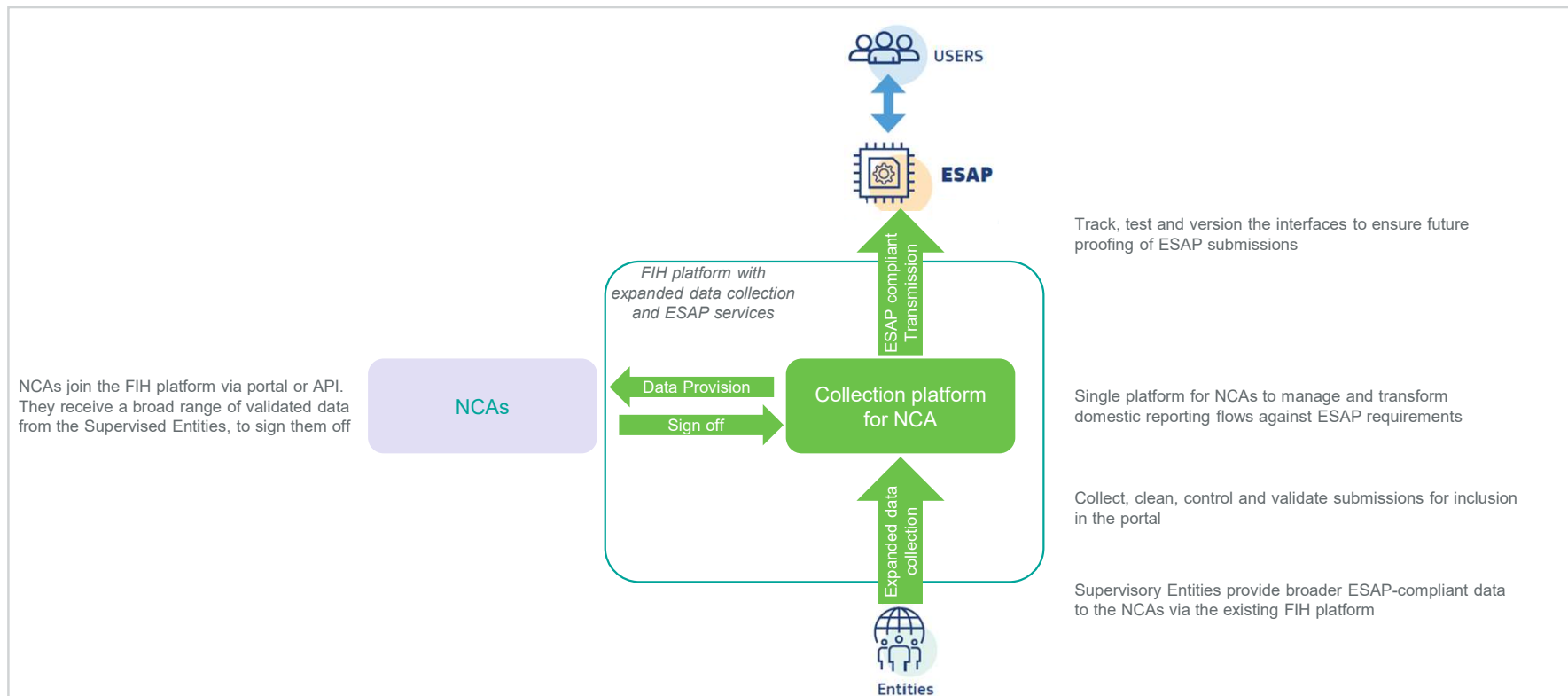
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- **Benefits for ESMA: Lower risk and acceleration**
  - ESAP scope remaining in the current legal framework
  - ESAP implementation facilitated, as reduced risk of inconsistencies or delays
  - Possibility to be more specific in terms of requirements (data scope, format, quality, timing)
- **Benefits for NCAs: Lower risk of execution and limitation of efforts**
  - **Budget:** multi-year allocation required by each NCA, but budget shared by up to 27 participants
  - **Delivery:** one single project to manage, ensuring a level playing field for all NCAs
  - **Technology:**
    - Opportunity to leverage state of the art technologies
    - Possibility to define roles and workflows per NCA
    - Possibility to manage private vs public data disclosure
  - **Quality:** consistency of data scope, format and quality is ensured by construction
  - **Time to market:** adoption rate and transition are facilitated for all participants



# ALTERNATIVE END-TO-END MODEL

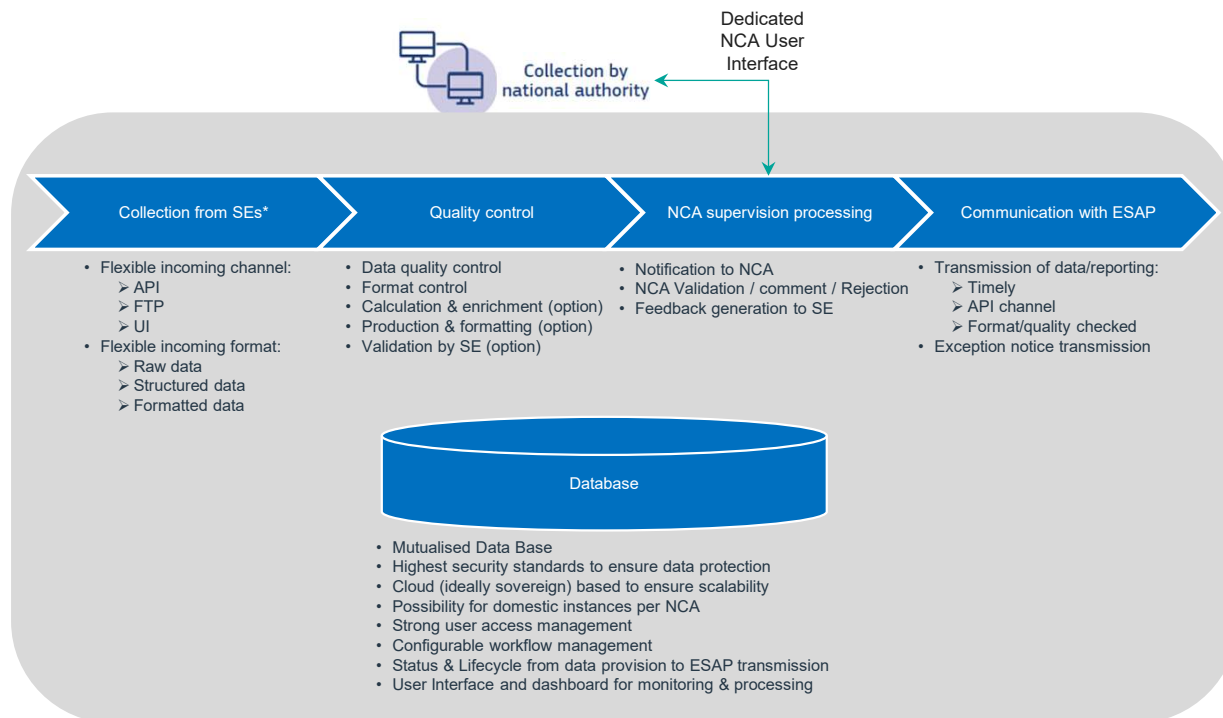
- A cross NCA «Sub-ESAP» could be implemented in parallel to legacy architecture, leveraging the existing FE fundinfo Fund Information Hub (FIH) platform to facilitate the transition.
- Additionally, this would enable ESMA to make the ESAP more successful by improving the quality of the information to be disclosed



# APPENDIX

## High-level functional architecture of a sub-ESAP repository

### SUB-ESAP POTENTIAL FUNCTIONAL COMPONENTS



### Functional aspects:

- **Collection from SEs:** Flexible incoming channel & format help SEs manage the change like new RTS and formats
- **Quality controls** help ensure the right level of quality according to ESMA standards
- **NCA supervision processing** to perform the acceptance and generate the subsequent feedbacks to SEs
- **Communication with ESAP** is the actual transmission of data to ESAP according to the ESMA requirements – including notices when relevant (e.g. late delivery)
- **Data base:**
  - Meant for operational needs, where the ESAP is meant for data sharing and disclosure. 2 different solutions help adjust design vs purpose & constraints and ensure highest availability in all circumstances
  - Keep historisation of data and changes (lifecycle)
  - Can offer private / public spaces

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