

## PRESS RELEASE

### ESMA promotes convergence in the supervision of costs in UCITS and AIFs

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has published today a supervisory briefing on the supervision by National Competent Authorities (NCAs) of costs applicable to Undertakings for the Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs). This briefing comes in response to the need to improve convergence across NCAs in the approach to *undue costs*.

ESMA's first annual statistical report in January 2019 on costs and performance of retail investment products, showed the significant impact of costs on the final returns for investors. Following the publication of this report, ESMA started work with the NCAs to assess the different national approaches to the supervision of the cost-related provisions under UCITS AIFMD.

To reduce the risk of regulatory arbitrage and ensure equal levels of investor protection throughout the EU, ESMA has produced this supervisory briefing addressed to NCAs which focuses on how NCAs supervise the relevant cost-related provisions under UCITS and AIFMD and on the managers' obligation to prevent undue costs being charged to investors.

Steven Maijoor, Chair, said:

“One of the key factors to mobilising investor participation in capital markets is to ensure that their trust in financial markets is improved and costs associated with buying financial products are reduced. It is part of our Strategic Orientation for 2020-2022 to actively promote the development of a large retail investor base to develop capital markets and to ensure long term financial planning.

“Ensuring greater convergence in the supervision of costs is an integral part of our broader efforts on the cost of retail investment products”.



The supervisory briefing, in addition to being addressed to NCAs, is also aimed at providing market participants with indications of NCAs' expectations and compliant practices regarding the cost-related provisions of the UCITS and AIFMD frameworks.

### **Next steps**

ESMA will closely cooperate with NCAs to promote the application of the supervisory briefing and will take stock of the level of convergence reached across the EU in 2021.



## Notes for editors

1. [ESMA34-39-1042 Supervisory Briefing - On the supervision of costs in UCITS and AIFs](#)
2. ESMA is the European Union's securities markets regulator. Its mission is to enhance investor protection and promote stable and orderly financial markets.

It achieves these objectives through four activities:

- i. assessing risks to investors, markets and financial stability;
  - ii. completing a single rulebook for EU financial markets;
  - iii. promoting supervisory convergence; and
  - iv. directly supervising specific financial entities.
3. ESMA achieves its mission within the European System of Financial Supervision (ESFS) through active cooperation with the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), the European Systemic Risk Board, and with national authorities with competencies in securities markets (NCAs).

Further information:

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