Template for comments

Public consultation on the draft recast ECB Regulation on investment fund statistics

Institution / Company

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General comments

The Association welcomes the will of the European Central Bank to better understand, at statistical level, the materiality and operational characteristics of mutual investment funds, also in light of the impacts this industry have on the measures on monetary policies. Nevertheless, since the private capital market in Italy constitutes just a little part of the whole asset management industry, we would like to present some general comments.

Firstly, we highlight the **low relevance, from a statistical point of view, of private capital funds**, regarding both the Italian market of mutual investment funds, and other European private capital markets. As a matter of fact, the European private capital market is led by few countries, namely France and UK: of the EUR 130 billion of euro of investments realized in 2022, EUR 104 billion stem from these two countries.

Therefore, the relevance of the Italian market in respect of the overall statistical phenomenon is minimum.

Moreover, we would like to take the opportunity to point out another peculiarity of the Italian market - that differentiates it from the rest of Europe - regarding **valuation methodologies**. In fact, in Italy private equity and venture capital firms use a calculation methodology strictly connected to the size of the assets managed, not linked to market performances. This can be misleading and introduces a double reporting that increases the burden on GPs. Furthermore, the use of asset size does not represent the real market value of participations, especially regarding venture capital funds, and it has a double negative effect for investors:

- the devaluation in the investors' financial statements of their shares in Italian funds, even if market values are equal or higher than investments;

- the potential sale of share on the secondary market that would be subject to a strong reduction compared to the actual market value.

For this reason, Italian GPs usually undertake also a valuation in accordance with international guidelines, referred to the concept of **fair value**, that is more suitable with international standards and offers a better protection of Italian funds' investors. However, the adoption of this additional method represents a further complication of the information to provide in accordance with the statistical set requested, with the risk of being misleading.

Moreover, we underline the need to ensure a level playing field within the European Union not imposing requirements that could be too strict and burdensome especially for the weakest parts of the market. In this respect, we propose the application of a **proportional approach in terms of communication requirements and regulation**. Therefore, it is necessary to avoid the introduction of any element that could result in increasing the gap between European countries. As a consequence, we further highlight the need to properly cater the reporting obligations in accordance with the Regulation object of this consultation, firstly because of the limited size of Italian private capital players both at national and European level and secondly because of their low impact on the overall financial ecosystem.

Regarding, in particular, the introduction of a **monthly reporting** requirement, it would not add any further and significant information since private capital GPs do not conduct internal evaluation every month. This is linked to the nature and characteristics of the investments, which are typically directed towards non-listed enterprises. Therefore, the reporting timeline requested by the Regulation would not provide relevant data.

Regarding recital 14 on the coordination with ESMA aimed at increasing the quality of information requested, we advocate for an **increased cooperation between national and European authorities**, and a centralization of information as not to burden GPs with the requirement to report data which are already disclosed under different legislations, like AIFMD (Directive 2011/61/EU), and to avoid double reporting. In fact, information on the balance sheet is already provided by AIFs in the annual report in accordance with AIFMD. In this sense, a further disclosure would be burdensome for closed-ended AIFs, considering that these data do not usually present relevant changes, and are less significant for the European authorities as well. In 2021 the European Commission, with a communication to other European institutions, expressed the necessity of a reporting standardization regarding supervisory activity, especially because of the increased number of information required, which enhanced the quality of the supervision, but also the costs for both the subject reporting the data and the institutions analyzing them. In fact, the costs connected to reporting requirements could add up to a total amount between EUR 4 and EUR 12 billion per year. Therefore, the Commission aimed at harmonizing data requests and ensuring a higher efficiency of data sharing, also in light of the fact that different regulations require the same disclosures, leading to statistical overlaps. In this sense, AIFMD already requires AIFMs to report to the competent authority information regarding the AIFs as well as the investments undertaken on an annual basis, concerning eligible assets and associated risks. In particular:

- the strategy and the objectives of the fund;
- eligible assets;
- risks associated with the investment and risk management tools;
- legal implications of the contract;
- personal information of the manager;
- fees and charges connected to the investment, and the valuation process of the AIF.

Furthermore, AIFMD imposes a reporting requirement to investors. Moreover, there are also national disclosures: in Italy, for example, AIFMs have to report their personal information to Bank of Italy in accordance to the G.I.A.V.A requirements. The legislative framework is already particularly burdensome, especially for closed-ended Italian AIFs, considering their size and their impact on the overall economic and financial ecosystem. At this purpose, a stronger cooperation between competent authorities would be pivotal, together with a better definition of reporting requirements. Concerning investment funds, within the 2021 review proposal of the AIFMD, the European Commission suggested to appoint ESMA to improve the data collection from AIFMs, following a technical assessment in collaboration with ECB and EIOPA. An enhanced cooperation between institutions and authorities could help reducing the burden on AIFMs, limiting the risk of duplications, making the supervisory activity more effective and specific.

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Please enter all your feedback in this list.
When entering feedback, please make sure that:
- **each comment deals with a single issue only;**
- **you indicate the relevant chapter/article/paragraph/page, where appropriate;**
- **you indicate whether your comment is a proposed amendment, clarification or deletion.**

Deadline:	xx February 2024

ID	Chapter	Article	Paragraph	Page	Type of comment	Detailed comment	Concise statement as to why your comment should be taken on board	Name of commenter	Personal data
1	Regulation	10	5	11	Amendment	Amendement to paragraph 5 in order to increase the derogation that NCBs are entitled to grant, by ensu	Ensure a proportional implementation of reporting requirements by granting derogation power to national competent authorities in order to adequately taking into consideration the limited weight of private equity, venture capital and private debt funds on the whole asset mananagent industry.	Bechi, Alessandra	Publish
2	Regulation	10	6	11	Deletion	Deletion of paragraph 6 in order to increase the derogations that NCBs are entitled to grant, by ensuring the protection of the peculiarities of specific markets, especially for countries with limited market size.	Ensure a proportional implementation of reporting requirements by granting derogation power to national competent authorities in order to adequately taking into consideration the limited weight of private equity, venture capital and private debt funds on the whole asset mananagent industry.	Bechi, Alessandra	Publish
3	Regulation	10	5	11	Amendment	Alternatively, we suggest the introduction, at article 10, of a European quantitative threshold aimed at excluding closed-ended AIFs reserved to professional investors from a monthly reporting requirement, by emending the paragraph 5 as follows: 5. NCBs may grant derogations regarding statistical information that is not security-by-security information as specified in Annex I, Tables 1, 2, **3, 4 and 5** to non-UCITS IFs **whose asset under management is below 5 billion euro** and are subject to national accounting rules that allow the valuation of their assets less frequently than monthly. Where NCBs grant such derogations, non-UCITS IFs shall report that statistical information in accordance with the frequency with which they are required to value their assets under national accounting rules, but as a minimum on an annual basis. ~~NCBs may not grant derogations to non-UCITS IFs with respect to statistical information that is not security-by-security information specified in Annex I, Table 4 and Table 5.~~	Ensure the exclusion of private capital funds because of their limited impact on overall economic and financial ecosystem.	Bechi, Alessandra	Publish

4	Regulation	recital 14		4	Clarification	We advocate for an increased cooperation between national and European authorities, and a centralization of information as not to burden GPs with the requirement to report data which are already disclosed under different legislations, like AIFMD (Directive 2011/61/EU), and to avoid double reporting. In fact, information on the balance sheet is already provided by AIFs in the annual report in accordance with AIFMD. In this sense, a further disclosure would be burdensome for closed-ended AIFs, considering that these data do not usually present relevant changes, and are less significant for the European authorities as well. In 2021 the European Commission, with a communication to other European institutions, expressed the necessity of a reporting standardization regarding supervisory activity, especially because of the increased number of information required, which enhanced the quality of the supervision, but also the costs for both the subject reporting the data and the institutions analyzing them. In fact, the costs connected to reporting requirements could add up to a total amount between EUR 4 and EUR 12 billion per year. Therefore, the Commission aimed at harmonizing data requests and ensuring a higher efficiency of data sharing, also in light of the fact that different regulations require the same disclosures, leading to statistical overlaps. In this sense, AIFMD already requires AIFMs to report to the competent authority information regarding the AIFs as well as the investments undertaken on an annual basis, concerning eligible assets and associated risks. In particular: i) the strategy and the objectives of the fund; ii) eligible assets; iii) risks associated with the investment and risk management tools; iv) legal implications of the contract; v) personal information of the manager; vi) fees and charges connected to the investment, and the valuation process of the AIF. Furthermore, AIFMD imposes a reporting requirement to investors. Moreover, there are also national disclosures: in Italy, for example, AIFMs have to report their personal information to Bank of Italy in accordance to the G.I.A.V.A requirements. The legislative framework is already particularly burdensome, especially for closed-ended Italian AIFs, considering their size and their impact on the overall economic and financial ecosystem. At this purpose, a stronger cooperation between competent authorities would be pivotal, together with a better definition of reporting requirements. Concerning investment funds, within the 2021 review proposal of the AIFMD, the European Commission suggested to appoint ESMA to improve the data collection from AIFMs, following a technical assessment in collaboration with ECB and EIOPA.	An enhanced cooperation between institutions and authorities could help reducing duplication, making the supervisory activity more effetive and specific, and not imposing an excessive burden on private capital GPs, considering their reduced dimensions and impact on the overall economy.	Bechi, Alessandra	Publish