

PRESS RELEASE

ESMA promotes global supervisory co-operation on alternative funds

The European Securities and Markets Authority (ESMA) has approved co-operation arrangements between EU securities regulators, with responsibility for the supervision of alternative investment funds (AIFs), including hedge funds, private equity and real estate funds, and 34 of their global counterparts. ESMA has negotiated the agreements on behalf of all 27 EU Member State securities regulators as well as the authorities from Croatia, Iceland, Liechtenstein and Norway.

These co-operation arrangements are a key element in allowing EU securities regulators to supervise efficiently the way non-EU alternative investment fund managers (AIFMs) comply with the rules of the Alternative Investment Fund Managers Directive (AIFMD), and are a pre-condition in allowing non-EU AIFMs access to EU markets or to perform fund management activities on behalf of EU managers. These arrangements will apply to non-EU fund managers that manage or market AIFs in the EU and to EU fund managers that manage or market AIFs in third countries. The arrangements also cover co-operation in the cross-border supervision of depositaries and AIFMs' delegates.

The arrangements, which will apply from 22 July, will facilitate the exchange of information, cross-border on-site visits and mutual assistance in the enforcement of the respective supervisory laws.

Steven Maijor, ESMA Chair, said:

“The approval by EU securities regulators of these co-operation arrangements is a significant step towards the successful implementation of the supervision of alternative investment funds by the July 2013 deadline, and their negotiation is a key achievement for ESMA in its co-ordinating role for EU securities markets.

“The agreements set high standards for co-operation on the supervision of cross-border



alternative funds, thereby strengthening investor protection and the global consistency of supervision.”

ESMA’s Board of Supervisors, at its 22 May meeting, approved Memoranda of Understanding (MoUs) with 34 regulators, including jurisdictions such as the USA, Canada, Brazil, India, Switzerland, Australia, Hong Kong and Singapore. ESMA continues to negotiate MoUs with further third-countries in order to meet the 22 July deadline.

The key elements of the cooperation arrangements are:

- EU and non-EU authorities will be able to supervise fund managers that operate on a cross-border basis both within the EU and outside;
- The co-operation between authorities includes the exchange of information, cross-border on-site visits and assistance in the enforcement of the respective laws;
- EU securities regulators will be able to share relevant information received from non-EU authorities with other EU authorities, ESMA and the European Systemic Risk Board, provided appropriate safeguards apply;
- The existence of co-operation arrangements between the EU and non-EU authorities is a precondition of the AIFMD for allowing managers based outside the EU to access EU markets or perform fund management by delegation from EU managers; and
- The co-operation arrangements are applicable from 22 July 2013 and enable cross-border management and marketing to professional investors of alternative investment funds.

While ESMA has negotiated the MoUs centrally, they are bilateral agreements that must be signed between each EU securities regulator and the non-EU authorities. The actual supervision of AIFMs lies with the national securities regulators, therefore each authority decides with which non-EU authorities it will sign an MoU.



Notes for editors

1. ESMA approved co-operation agreements between securities regulators from the 27 EU Member States, Croatia and the European Economic Area (Iceland, Liechtenstein and Norway) and the following third-country regulators: Alberta Securities Commission (Canada), Australian Securities and Investments Commission, Autorité des Marchés Financiers du Québec (Canada), Bermuda Monetary Authority, British Columbia Securities Commission (Canada), British Virgin Islands Financial Services Commission, Capital Markets and Securities Authority of Tanzania, Capital Markets Authority of Kenya, Cayman Islands Monetary Authority, Comissão de Valores Mobiliários do Brasil, Conseil Déontologique des Valeurs Mobilières of Morocco, Dubai International Financial Centre Authority, Emirates Securities and Commodities Authority, Federal Reserve Board (US), Financial Services Commission of Mauritius, Financial Supervision Commission of the Isle of Man, Financial Supervisory Authority of Albania, Guernsey Financial Services Commission, Hong Kong Monetary Authority, Hong Kong Securities and Futures Commission, Israel Securities Authority, Jersey Financial Services Commission, Labuan Financial Services Authority, Monetary Authority of Singapore, Office of the Comptroller of the Currency (US), Office of the Superintendent of Financial Institutions (Canada), Ontario Securities Commission (Canada), Republic of Srpska Securities Commission, Securities and Exchange Board of India, Securities and Exchange Commission (US), Securities and Exchange Commission of Montenegro, Securities and Exchange Commission of Pakistan, Securities and Exchange Commission Thailand, and the Swiss Financial Market Supervisory Authority (FINMA).
2. The MoUs approved by the Board of Supervisors of ESMA will be made available on ESMA's website in due course.
3. ESMA is an independent EU Authority that was established on 1 January 2011 and works closely with the other European Supervisory Authorities responsible for banking (EBA), and insurance and occupational pensions (EIOPA), and the European Systemic Risk Board (ESRB).
4. ESMA's mission is to enhance the protection of investors and promote stable and well-functioning financial markets in the European Union (EU). As an independent institution, ESMA achieves this aim by building a single rule book for EU financial markets and ensuring its consistent application across the EU. ESMA contributes to the regulation of financial services firms with a pan-European reach, either through direct supervision or through the active co-ordination of national supervisory activity.

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