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Market Integration package

A much-needed review for EU financing needs

Executive Summary

- The Market Integration package takes meaningful steps toward removing long-standing barriers that have hindered fund managers' ability to operate cross-border, while reflecting on the diversity of EU markets
- Nearly all of the proposed amendments on asset management will help usually small private equity, venture capital and infrastructure managers to operate more efficiently across the Union – and will therefore unlock capital for the companies they support
- In an annex to this document, we have suggested targeted amendments to further improve the proposal
- We call for a swift adoption of the proposal, as there is no time to waste if we want to grow our financing ecosystems

Who we are

Invest Europe represents private equity, venture capital and infrastructure managers as well as their investors. Our members provide businesses with a **crucial stream of equity funding** — especially in the start-up and scale-up phases — while offering **investment opportunities** to institutional and sophisticated investors. They play a key role in delivering financing to businesses that can help drive the **EU transition towards a more sustainable and digital economy**, in sectors as varied as defence, energy, life sciences, biotechnology and deeptech, including AI.

As managers, our members face every day the **practical consequences of fragmentation in the Single Market**. As they operate under both the AIFMD – which regulates primarily their management and marketing activities – and national fund laws, they are well aware of any legal and practical barriers that prevent them to grow and operate cross-borders.

Why the proposal matters to our corner of the EU financing ecosystem

Compared to other financial services firms, private equity managers are **typically small**. Even managers with more than EUR 500 million in AuM may have fewer than 15 employees.

For such entities, marketing and managing a fund under EU law can be a long and strenuous process. A manager wishing to operate cross-border must:

- obtain **authorisation** for itself and its fund(s)
- ensure its funds comply with **organisational and governance requirements**
- follow strict rules on **engaging with institutional investors**
- interact with up to **26 host authorities** (if they aim for an EU-wide strategy)
- pay **fees** both to the home supervisor and to all their host supervisors

The ease and speed of these steps depend heavily on the efficiency of supervisory processes. Today:

- **Authorisation** can take anywhere from a few months to as long as twelve months in some Member States
- **Reporting** requirements and **multiple host fees** accumulate quickly, especially for small managers with an EU strategy who face different fee requests in all Member States
- **(Pre-)marketing rules and marketing communication** requirements differ widely between Member States

This situation prevents the growth of a venture capital and private equity ecosystem at a moment when all EU Member States are competing to finance new competitiveness needs. In practice:

- **Venture** capital managers remain far smaller than peers in other developed economies (as the relevance of EuVECA is hindered by complex national authorisation processes)
- **Growth** managers cannot compete with US-based entities, contributing to the scale-up flight to the US
- EU-wide **infrastructure** managers face reduced investment capacity due to multiple fees and discrepancies in supervision

What the proposal can effectively change for the better

The Market Integration package creates the conditions to simplify existing authorisation and reporting processes by:

- **simplifying the conditions for managers** to obtain authorisation in their home Member States
- **harmonising conditions for marketing and managing funds across the EU**, thereby limiting diverging rules

We particularly welcome:

- the removal of the requirement to **pre-notify the host Member State** and a simplified reporting process for cross-border marketing

- new methods to ensure **host regulatory fees** are clearly justified and disclosed, allowing managers to know immediately *what to pay, where to pay, and when to pay*
- the harmonisation and simplification of processes for **authorisation, marketing communications, and pre-marketing** — reducing national divergence and "gold-plating" to a minimum
- the simplification of **de-notification rules**, including the removal of the pre-marketing ban for other funds managed by the same AIFM

If we are broadly aligned with most of the changes proposed, we want to flag that particular care should be taken that new ESMA powers do not lead to situations where fund managers, in particular larger ones, are subject to two sets of rules or receive contradictory sets of information. We also want to stress that this proposal is well balanced because it does not open the complex topic of EU supervision, the establishment of which, for fund management, would be a very difficult exercise (as detailed in our comments in the box below).

FURTHER DETAILS: Invest Europe's views on EU supervision for fund management

From the perspective of private equity and venture capital managers, EU level supervision should not be seen as the panacea: more than a common supervisor, what is needed is:

- limited barriers to fundraising
- an efficient and capable home supervisor, able to understand the asset class and to rapidly authorise fund managers
- low or no supervisory fees – as multiple host Member States' fees act as a disincentive to European-wide strategies

EU supervision would only help in situations where:

- the presence of a single supervisor effectively limits barriers to fundraising, thanks to a single interpretation of common rules
- the EU supervisor is more efficient than the national one, either because it is better tooled or more experienced
- EU supervision means less costly supervision

Before introducing any level of EU supervision for fund managers (and more broadly give additional powers to ESMA), EU lawmakers should necessarily consider:

- whether having a single supervisor effectively simplifies, from the manager's perspective, cross-border distribution and effectively tackles barriers to a well-functioning EU market (as we identified them in the rest of this paper)
- whether EU supervision forces managers to interact with two regulators (for example: one at the AIFM level and another at the AIF level) instead of one with national supervision (an issue that arises with some of the Commission's amendments to this proposal)
- whether the role of ESMA as a single supervisor AND as a supervisor of a supervisor lead to a conflicts of interest

- whether the role of ESMA as a direct supervisor among other supervisors and as a rulemaker can be legally and practically ring-fenced
- whether ESMA is sufficiently tooled to perform its supervisory role as well as the most efficient supervisory authorities in the EU (i.e.: whether ESMA is staffed and has a level of expertise equivalent to supervisors with a high level of expertise) and with the knowledge and ability to tailor supervision to the local market according to the specific needs of investors
- whether the entity supervised can keep a direct link to its supervisor (noting the importance of national hubs, in particular for smaller VC funds)

In the Annex, we have described, Article by Article, the position of the European private equity industry on amendments introduced by the Commission. We also suggested a series of additional changes that could be of immediate benefit to the competitiveness of the European industry. These suggestions are irrespective of further changes that could be made to AIFMD rules, in particular an increase to existing thresholds, and which could be addressed in separate proposals.

Conclusion

Cross-border fund management and marketing is still hindered by too many barriers. Problems outlined above prevent the establishment and growth of private financing ecosystems in most European countries. Current **diverging rules are therefore partly responsible for a lack of financing** to projects designed to foster EU's competitiveness.

Our venture, private equity and infrastructure members call for a **swift adoption of the proposal as introduced by the European Commission**, if needed as a separate asset management package and with only a few targeted changes to the proposed text.

In the Annex, we share with policymakers examples on specific changes could effectively lead to lowering barriers and what consequences this will have on our members' ability to fundraise and invest in EU businesses.

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ANNEX: Our proposed amendments

<table>
<tr><td colspan="3">Amendments to AIFMD

Most relevant sections are in blue</td></tr>
<tr><td>Article 4 para 1 letter av</td><td>Definition of an EU group</td><td>We are not convinced a definition of an EU group is needed - at least for the purposes of this proposal. We suggest that problems identified by the European Commission which led to the creation of this definition, not least the ability to delegate through affiliates, can be addressed directly without creating a definition (see our comments on relevant sections). Moreover, the existing concept of a group should be sufficient.

ALTERNATIVELY: Only if a definition were to be inserted, we suggest the following changes should be brought to the proposed text (showing amendments to the original proposed definition):

'EU group of the AIFM and management company' means in relation to a given AIFM or management company, ~~a~~ any of the following to the extent that they form part of the same group (as defined in Article 2 point (11) of Directive 2013/34/EU of the European Parliament and the Council) as that AIFM or management company ~~that consists of any of the following~~ :

(i) management companies, as defined in Article 2(1), point (b) of Directive 2009/65/EC of the European Parliament and the Council, that are established in the Union and which are authorised in accordance with this Directive;
(ii) managers of alternative investment funds, as defined in Article 4(1) point (b) of this Directive that are established in the Union and are authorised in accordance with this Directive;</td></tr>
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		(iii) investment firms, as defined in Article 4(1), point (1) of Directive 2014/65/EU of the European Parliament and the Council that are established in the Union and which are authorised in accordance with that Directive; *(iv) credit institutions as defined in Article 2(1) point (b) of Directive 2013/34/EU of the European Parliament and the Council that are established in the Union and which are authorised in accordance with that Directive;* *(v) an entity not included in (i) to (iv) above, which is established in the Union;* *(vi) an entity established in a third country which would fall within the definitions in (i) to (iv) if it were established in the Union, provided that the entity is subject to supervision in that third country and the competent authorities of the home Member State of the AIFM or management company have signed cooperation and exchange of information arrangements with the competent authorities of that third country.*
Art 6.4	Ability to provide external services by an AIFM no longer at the discretion of the Member State	We **fully support this change –** as it will ensure every fund manager across the EU is offered the same opportunities
	Authorisation process & own funds	
Art 7.2a	Information requirements for EU groups (and ability to rely on intra-group resources)	We **fully support these amendments**. They will ensure, as per the Commission's stated objectives, that authorisation is not made harder for larger groups doing intra-group delegation
Art 7.6	Harmonisation of the information to be given during authorisation process	We **fully support this change**: differences in authorisation processes can lead to additional costs and create market barriers. This provision is particularly relevant for countries where the authorisation process is complex – EU lawmakers should be careful it does not lead in any new requirements in countries where the process is well tested.

Art 8.2	Overall streamlining of the authorisation process	We **fully support these changes.** In practice, existing consultation requirements have often led to delays in authorisation processes, extending those to **at least a year** in some countries. Proposed changes will make authorisation quicker and make it easier for managers to market cross-border.
Art 9.6	Ability to benefit from own fund 50% exemption no longer at the discretion of the Member State	We **fully support this change** – as it will ensure every fund manager across the EU is offered the same opportunities
	Operating conditions	
Art 14	New Guidelines on rules of conduct	We **are supportive of the proposed changes** – which have the potential to further harmonise the rules across EU Member States. However, we suggest **clarifying in the text or in a recital** what is the purpose of the Guidelines **in para 2 of Art 14**, in particular to limit their scope and ensure they take into consideration the specificities of AIF managers (to avoid situations where rules that not specifically relevant to the AIF space are copied-pasted from other frameworks) *In order to ensure a uniform application of [the rules of conduct/prudential rules] referred to in paragraph 1 and to ensure a consistent implementation across Member States, ESMA* ***may, if it has assessed that there is a divergence in application,*** *adopt guidelines to* ***harmonise*** *the content of national rules.* ***When drafting Guidelines, ESMA should always take into consideration the specificities of AIFMs against other financial entities as well as the diversity of AIFMs themselves.***
Art 14.2a	Conflicts of interest in case of a third party AIFM	We have no comments on this Article.
Article 18 (and 12)	New Guidelines on prudential rules	Contrary to other proposals to improve harmonisation, we see **limited benefit in further harmonising prudential requirements**, as national discretion is not leading to any specific barriers. We also do not feel Guidelines are appropriate for this purpose. If the

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		aim is to harmonise the framework, this should be done through regulatory technical standards – hence we suggest **keeping the current text of AIFMD and removing the amendments**.
Art 20	Recognition of the ability of managers to delegate intra-group	First, while we welcome the overall objective of the amendment, we **are not convinced a definition of an EU group is needed** – and wish to continue referring to the concept of a group as it currently exists in EU law, including for the purpose of this article. This would by default affect paragraph 3 – which may require a specific reference to the concept of a financial group in other Directives (or updated definition as suggested in Article 4). Regarding paragraph 6, we find that a better approach to solve the issue, as opposed to an exclusive exemption of activities within groups – which is likely to cause practical concerns, would be to modify the existing Article by **extending the existing clarification in AIFMD II**, Article 20(6a), in respect of EU distributors acting on their own behalf when appointed to market to that of ***non-EU*** distributors doing the same. This would ensure that both such appointments are not considered a delegation within the meaning of AIFMD. We propose achieving this via the following amendments to Article 20(6a) below. "*By way of derogation from paragraphs 1 to 6 of this Article, where the marketing function as referred to in Annex I, point 2(b), is performed by one or several distributors which are acting on their own behalf* ***~~and which market the AIF in accordance with Directive 2014/65/EU or through insurance-based investment products in accordance with Directive (EU) 2016/97 of the European Parliament and of the Council~~****, such function shall not be considered to be a delegation subject to the requirements of paragraphs 1 to 6 of this Article irrespective of any distribution agreement between the AIFM and the distributor*."
Art 21.3	Ability to use a depositary-lite regime is no longer at the discretion of the Member State	We **fully support this change –** as it will increase legal clarity for managers. Closed-ended funds typically engage the services of specialist depositaries, whose service offerings are specifically designed to address the needs and requirements of funds

		investing in these asset classes. Extending such a regime across the EU will allow managers to use service providers that understand the specificities of the industry.
Art 21.5	EU depositary passport	We **welcome the flexibility** but note this is effectively less relevant to the private equity community than the change to Art 21.3.
	Transparency and rights to market	
Art 22 & 29	Information within the annual regime and disclosure in case of control acquisition is no longer at the discretion of the Member State (removal of "at least")	We **fully support this change –** as it will increase certainty and lower costs for managers – while creating a level playing field.
Art 33	Reduced timeframe for transmission of information in cross-border management context	We **fully support this change –** as it will improve and shorten the fund's authorisation processes – which can be extremely long at the moment (more than a year in the case of some NCAs)
Art 43	Marketing to sophisticated investors	While this article was unchanged by the European Commission, we suggest amending Art 43 to allow investments by high net worth individuals, effectively harmonising existing national frameworks at EU level, in the spirit of the overall proposal: ***1a. By way of derogation from Annex II of [MiFID], a natural or legal person who does not satisfy the criteria in that Annex may exceptionally be treated as a professional client by the AIFM for the purposes of this Directive in relation to a specific investment in the units or shares in an AIF where the following conditions are met:*** ***(a) the person has expressly requested to be treated as a professional client for that purpose;***

		(b) the person (in the case of a legal person, acting through a duly authorised representative) has given explicit written consent to such treatment in a document which is separate from the agreement used to subscribe for or acquire the relevant units or shares in the AIF; and *(c) the amount invested by the person is:* *(i) at least EUR 100,000, if the person has provided reasonable evidence to the AIFM that the person has a portfolio of investable assets (defined as including cash and financial instruments, including savings products) with a value of at least EUR 1,000,000; or* *(ii) at least EUR 200,000 in any other case.* *Upon request by its competent authority, the AIFM shall provide details of the number of clients that have requested this derogation and the investments in respect of which it applied*
Art 43a	No requirement to have a physical presence	We **fully support this change –** as it will increase certainty and lower costs for managers – while creating a level playing field.
	Competent authorities and supervision	
Art 45	Articulation between CBDF and AIFMD	See our comments on the CBDF.
Art 47a and b	ESMA review of large EU groups of AIFMs and management companies & ESMA powers in terms of supervisory action	The **overall objective of these two articles** – ensuring that supervision is appropriate and sufficiently harmonised – **is welcomed**. Providing ESMA with effective mechanisms that strengthen supervisory convergence and assess negative consequences of divergences in supervision is for all intent and purpose the right approach. Allowing ESMA, as suggested in Alinea a of paragraph 3 of Article 47b, to tackle unlawful practices of NCAs beyond powers given to ESMA in Article 30 of current ESMA Regulation will help resolve some of the existing issues with NCAs interpretation of the Directive.

		However, policymakers should carefully assess whether this approach does not lead to duplicative or overlapping supervisory processes, with associated operational and cost impacts. ESMA's role should solely focus on situations expressed in Article 47b and groups should not be subject to double supervision. Overall, lawmakers should amend (or not amend, as we would suggest) the proposed articles being mindful that a new layer of regulation / regulatory supervision would contradict the purpose and spirit of the proposal, which is seeking to simplify the regulatory framework and boost growth and competition within the EU. This is particularly true of changes to Article 47a when it comes to large groups, where intended positive consequences are yet unclear.
Art 50 and 55	Cooperation between NCAs & Dispute settlement	As industry participants, we have no comments on these articles overseeing the relationship between NCAs
NEW Article (11a)	Ability to de-authorise	We suggest that the **concept of de-authorising AIFMs should be established at the EU level** – in case where "fully authorized" AIFMs fall under the increased thresholds. ***Article 11a*** ***Conversion of authorisation to registration*** 1. *Where an AIFM that is authorised in accordance with Article 6(1) subsequently meets the conditions to qualify for the exemption in Article 3(2), the AIFM may notify the competent authority of its home Member State that it wishes to convert its authorisation into a registration for the purposes of Article 3(3)(a).* 2. *Within [30 days] of receiving the notification, the competent authority referred to in paragraph 1 shall:*

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<td>(a) where the AIFM has provided satisfactory evidence that the relevant conditions in Article 3(2) are met, update its records to convert the AIFM's existing authorisation into a registration in accordance with Article 3(3)(a) and notify the AIFM of its new status; or
(b) if it reasonably considers that the relevant conditions in Article 3(2) are not met, notify the AIFM of the reasons for this conclusion.

3. Where the AIFM's authorisation is converted into a registration in accordance with paragraph 2(a), the AIFM shall be treated as an AIFM that has been registered under Article 3(2) from the date that it receives the notification from the national competent authority of its home Member State under paragraph 2(a). In accordance with Article 3(4), the AIFM shall cease to benefit from any of the rights granted under this Directive from that date.

4. The conversion of the authorisation of an AIFM under Article 6(1) into a registration under Article 3(2) shall not affect the validity of any acts taken pursuant to rights exercised by the AIFM under this Directive or the [Cross-Border Distribution of Funds Regulation] before the conversion occurs, including the exercise of any rights to market or manage AIFs in another Member State.]</td>
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<tr>
<td colspan="3">Amendments to Cross-border distribution of funds Regulation</td>
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<tr>
<td>Art 1</td>
<td>Clarification that no additional requirements can be added by Member States</td>
<td rowspan="2">We fully support these changes – as they will increase certainty and lower costs for managers – and create a level playing field.</td>
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<td>Art 3</td>
<td>Integration of marketing and pre-marketing</td>
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	definitions in the Regulation	
Art 4, 5, 6 and 8	Harmonisation of requirements regarding marketing communications	We **support the harmonisation of the content and format of marketing communications** (and the consequential removal of Art 5, 6 and 8, which became redundant as a result). In light of the issues faced by most private equity firms with existing Guidelines on marketing communications, and as the spirit of this legislation is also to make EU rules more fit for purpose, we suggest this review is the opportunity to clarify, in the Level 1 text, some key parameters that should be followed when drafting Delegated Acts – not least the acknowledgment of the fundamental differences between the tailored marketing of closed-ended AIFs to a few large investors and the mass-marketing of open-ended AIFs to small private investors. We suggest the **following changes**: *6. The Commission shall adopt, by means of a delegated acts in accordance with Article 18b, measures specifying the content and format of the marketing communications referred to in paragraph 1. Those delegated acts shall specify the following:* *(a) the scope of what is considered a marketing communication;* *(b) principles on information that is fair, clear and not misleading;* *(c) general principles for drafting marketing communications;* *(d) the description of risks and rewards in marketing communications,* ***based on the specific features and strategies of the fund;*** *(e) principles on disclosures relating to costs and fees in marketing communications;* *(f) information on past and future performance,* ***where available****, in marketing communications* ***When preparing these Acts, the Commission shall consider the heterogeneity of AIF structures and acknowledge the diversity of marketing practices and managers' investor base.***

Art 7	No ex-ante verification of marketing communications by host NCA	We **fully support the change** which has the potential to make cross-border marketing much easier.
Art 9	Report on fees and charges	We **support the creation of such report**, which could be a first step towards a more harmonised approach to fees and charges. Host fees, even small, can create a real Single Market barrier. On top of representing a real cost (which is typically passed on to investors), fees also create an admin burden in themselves, as managers are faced with multiple payment requests – under different platforms. This is why we suggest to further strengthen the proposed provisions to reflect the following: • **The three-year period is unnecessarily long** – as NCAs should be able to provide information immediately to ESMA • If ESMA's report indicates that the charges are not consistent with the overall cost relating to the performance of NCA functions, the Commission should be **tasked to present a legislative proposal revising the fee model** *2. By [Please insert date =* ***12*** *months after the entry into force of this Regulation], and every two years thereafter, ESMA shall conduct a review of the fees or charges referred to in paragraph 1 that are imposed by host competent authorities in relation to the marketing of AIFs and UCITS in their territory and shall submit a report to the Commission indicating whether such fees or charges are consistent with the overall cost relating to the performance of the functions of those competent authorities.';* ***3. By [entry into application + 2 years] the Commission shall, if fees or charges are not consistent with the overall cost relating to the performance of the functions of those competent authorities or have a disproportionate impact on managers, consider a revision of the provisions related to fees in this Regulation.***

Art 10	ESMA website information on fees and charges	We **support the creation of such information hub** and **suggest one minor addition** to ensure information is "readable": *In relation to the fees or charges referred to in Article 9(1), ESMA shall publish and maintain up-to-date information on its website,* ***at least in a language customary in the sphere of international finance****, which shall include at least the following:* As mentioned above, it is often the admin burden of the fee payment (knowing what the fee is, knowing where and how to pay it, etc…) rather than having to pay the fee itself, that ends up costing the most. An innovative, long-term idea could be for ESMA to create a "payment hub" where host fees could be paid directly to a single platform.
Art 12	Data platform for exchange of information between NCAs	We **welcome the creation of ESMA's data platform** for the exchange of information and documentation as a way to speed up communications between NCAs – and as a result responses to managers.
Art 12a	Principle that disclosure to investors in a host country is subject to same principles as for home investors	We have no comments on this Article.
Art 14b	Delineation of the powers of home and host NCA (and communication between NCAs in specific cases)	We **fully support the proposed supervisory architecture** as introduced by the European Commission.
Art 14c and d	Powers of ESMA to address cross-border	We **agree with the proposed approach** which could give the ability to ESMA to remove barriers to entry – and allow it to perform a role would one of the authorities be deficient.

	issues and dispute settlement	However, we fear that this could give ESMA the power to suspend an AIFM from marketing an AIF in another Member State even when such marketing does not materially harm market integrity or investor interest. We would therefore **suggest rewording paragraph 4 of Art 14c in the following way**: *Notwithstanding the actions referred to in paragraph 3, ESMA may suspend a UCITS from being marketed in the territory of another Member State or an AIFM, EuVECA manager or EuSEF manager from marketing an AIF in another Member State where* ***such marketing materially harms market integrity or investor interest*** *and one of the following conditions* ~~***are***~~ ***is*** *fulfilled:*
Art 17e	Harmonization of the concept of pre-marketing	We **fully support the harmonisation of pre-marketing requirements.** The past few years have shown that divergences of approach between Member States created barriers to entry. The new architecture will prevent this, making it easier for managers to pre-market, an essential tool to approach investors in a private equity context. We however suggest adding a clarification so that the attempt to harmonise pre-marketing rules does not preclude the ability for non-EU AIFMs to pre-market at national level**, as is the case at the moment**. The change would therefore merely retain an existing ability, extending it across the EU. *Article 17e :Pre-marketing in the Union by* ~~***an EU***~~ ***AIFMs*** ***1.*** *An EU AIFM* ***and a non-EU AIFM*** *shall be allowed to engage in pre-marketing in the Union.*
Art 17f and g	Harmonization of the marketing authorisation process in the home	We **support the harmonisation of marketing authorisation process as introduced in both articles.** The new process will make fund approval easier. In particular, we welcome that:

	Member State (f) or in another Member State (g)	(i) national additions are no longer permitted (ii) national language requirements removed (iii) there is now a right to market becomes **automatic as soon as information was submitted** (something that is crucial in light of the slow speed of some NCAs) (iv) the length to notify material change is shortened However, the requirement that the master AIF should also be an EU AIF which is managed by an authorised EU AIFM is too strict. We therefore **suggest removing the second subparagraph of paragraph 1 as follows**: ~~**Where the EU AIF is a feeder AIF the right to market referred to in the first subparagraph is subject to the condition that the master AIF is also an EU AIF which is managed by an authorised EU AIFM.**~~
Art 17h	New approach to denotification process	We **fully support the new harmonised approach to denotification** – and more specifically the removal of the pre-marketing ban in case of denotification. Current rules prevented private equity managers to set up new (closed-ended) funds after closing other, limiting their ability to attract new investors and making it harder to grow second and third funds after launching a successful first one. We would suggest a few amendments to the text to reflect market practice. 1) **it should be specified that denotification is available to AIFMs immediately upon the termination of their offering or placement.** *Where an EU AIFM intends to terminate the marketing of the units or shares of some or all of the EU AIFs it manages in a Member State in respect of which it has made a notification in accordance with Article 17g, it shall submit a de-notification to the competent authorities of its home Member State, which shall include the intention to terminate arrangements made for marketing units or shares of some or all of the EU AIFs it manages in that Member State. Such intention* ***may be***

		expressed immediately upon the cessation of the marketing of the relevant AIFs. It *shall be made public by electronic means.* 2) **Denotification should more clearly entail the cessation of any supervisory fee payments** *As of the date of the transmission referred to in the second subparagraph, the AIFM shall cease any new or further, direct or indirect, offering or placement of units or shares of the EU AIFs it manages in the Member State in respect of which it has submitted a de-notification in accordance with paragraph 1* ***and any supervisory fee payments in respect of the marketing of those AIFs should terminate****.*
Art 17i	ESMA fees	We do not oppose the payment of fees to ESMA if it performs a service. However, fees would need to be proportionate and clearly linked to an activity carried on by ESMA in connection with the exercise of cross-border rights (to limit the circumstances in which ESMA can charge fees). We also **suggest that small and mid-sized managers shall be exempt from this requirement**. Indeed, managers with assets under management just above the AIFMD threshold may still only be teams of 15-20 individuals, so typically SMEs, which are directly affected by an increase of fees. We therefore propose the following wording: ***New para. In order to not discourage cross-border fundraising by smaller entities, ESMA shall in any case not charge fees to managers with less than [€ 2.5 billion] of assets under management.***