

Draft recast Regulation on investment fund statistics

Summary of merits and costs

The European Central Bank (ECB) has been collecting statistics on the assets and liabilities of investment funds since 2008. These statistics allow policymakers to analyse developments in the investment fund sector in the euro area. Since the December 2014 reference period, data have been collected from investment funds on the basis of Regulation ECB/2013/38¹. In line with the normal practice of periodically reviewing statistical reporting requirements laid down in ECB regulations, the ECB has now completed an assessment of current requirements through a comprehensive merits and costs procedure (MCP)² initiated in 2020. As a result of this review, a draft recast Regulation has now been drawn up which proposes some new reporting requirements as well as other changes to the reporting scheme and definitions. The ECB is providing the following summary of the MCP results for the euro area in accordance with its commitment to transparency in the development of regulations on statistics.³

Background

Investment fund statistics have been reported under ECB regulations since December 2008. The principal purpose is to provide policymakers with a comprehensive and timely picture of developments in the euro area investment fund sector. As part of the ECB's aim of keeping its statistical regulatory framework up to date and fit for purpose, the Statistics Committee of the European System of Central Banks (ESCB) conducted a review of the investment fund statistics collected under Regulation ECB/2013/38 in liaison with data users and reporting agents through an MCP, which is a long-established approach to assessing the benefits of new statistical requirements against the costs for reporting agents.

The review also considered the requirements of the ECB's Securities Holdings Statistics and the Register of Institutions and Affiliates Data, as well as related data requirements of the European Securities and Markets Authority (ESMA). The new requirements resulting from this review focus on high-priority needs for additional data and amendments that help enhance data integration.

¹ Regulation (EU) No 1073/2013 of the ECB of 18 October 2013 concerning statistics on the assets and liabilities of investment funds (recast) (ECB/2013/38) (OJ L 297, 7.11.2013, p. 73).

² See "The ECB's merits and costs procedure in the field of European statistics".

³ See "Transparency in developing new ECB regulations on European statistics".

1 Summary of the user consultation

In 2020 the ESCB Statistics Committee launched a consultation of certain other committees⁴ which are the main users of investment fund statistics. These committees were invited to indicate new data needs that have arisen since the last update of the Regulation.

The consultation resulted in the identification of the following main user requirements:

- monthly frequency, rather than the current mainly quarterly frequency;
- enhanced timeliness – faster than the current 28 working days following the end of the reference period;
- more detailed breakdowns of assets and liabilities, for example in terms of categories of balance sheet items, counterparty location and sector, and maturities;
- more detailed classification of investment funds;
- income statement items, such as income received from assets, dividends paid to shareholders and fees;
- more granular information – on a fund-by-fund and asset-by-asset basis.

Based on the outcome of the consultation, consideration was given to how the above requirements could potentially be addressed by amending the existing reporting requirements in Regulation ECB/2013/38 or through alternative sources.

The assessment of the requirements took into account the ECB's Securities Holdings Statistics (Regulation ECB/2012/24)⁵ and the Register of Institutions and Affiliates Data (Guideline ECB/2018/16)⁶, both of which contain data on investment funds, as well as data reported to ESMA in accordance with the Alternative Investment Fund Managers Directive (AIFMD)⁷ framework and the ongoing updates of the AIFMD and Undertakings for Collective Investment in Transferable Securities Directive (UCITS)⁸ frameworks. The granular data requirements in the draft recast Regulation will support the harmonisation and integration of different frameworks, as the same input data may be used for multiple purposes.

⁴ These were the Monetary Policy Committee, the Financial Stability Committee and the European Systemic Risk Board's Advisory Technical Committee.

⁵ [Regulation \(EU\) No 1011/2012 of the European Central Bank of 17 October 2012 concerning statistics on holdings of securities \(ECB/2012/24\) \(OJ L 305, 1.11.2012, p. 6\).](#)

⁶ [Guideline \(EU\) 2018/876 of the European Central Bank of 1 June 2018 on the Register of Institutions and Affiliates Data \(ECB/2018/16\) \(OJ L 154, 18.6.2018, p. 3\).](#)

⁷ [Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations \(EC\) No 1060/2009 and \(EU\) No 1095/2010 \(OJ L 174, 1.7.2011, p. 1\).](#)

⁸ [Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities \(UCITS\) \(recast\) \(OJ L 302, 17.11.2009, p. 32\).](#)

The assessment phase included fact-finding questionnaires aimed at gaining a better understanding of the significance of some of the requested items, the feasibility of collecting them and the methodology underlying them.

Regulation ECB/2013/38 already contains security-by-security reporting requirements for securities with publicly available identification codes, which can be supplemented by central banks with reference data from the ECB's Centralised Securities Database (CSDB) to meet the new user needs. For this reason, no new reporting requirements concerning securities breakdowns were considered necessary.

However, for user requirements relating to securities without publicly available identification codes, it was agreed to assess the reporting costs. These additional data could also be used to fulfil the user requirement concerning granular data at investment fund and security level.

Reporting for the detailed user requirements relating to financial derivatives, securities financing transactions, real estate holdings and securities ratings was assessed as demanding. Furthermore, detailed information on financial derivatives is available through reporting under the European Market Infrastructure Regulation (EMIR)⁹. For these reasons, most of these requirements were not included in the proposed recast Regulation.

A list of the requirements of the proposed recast Regulation was included in a cost assessment questionnaire addressed to the national central banks (NCBs) and reporting agents who participated in the cost assessment in accordance with national practices.

2 Assessment of costs and merits

The **cost assessment** was conducted by NCBs, which liaised with the reporting agents. The cost assessment covered both the set-up costs associated with the storage and processing of data within the reporting institution and the ongoing reporting costs in terms of the marginal impact compared with the current workload.¹⁰

The cost assessment exercise was designed to cover user requirements to be potentially fulfilled within the aggregated investment fund dataset (reported by the NCBs to the ECB in accordance with Guideline ECB/2021/12)¹¹ and the Securities Holdings Statistics dataset (collected in accordance with Regulation ECB/2012/24), for which an update is also planned.

⁹ [Regulation \(EU\) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories \(OJ L 201, 27.7.2012, p. 1\).](#)

¹⁰ NCBs also provided responses to the cost assessment with respect to their costs as compilers of statistics.

¹¹ [Guideline \(EU\) 2021/831 of the European Central Bank of 26 March 2021 on statistical information to be reported on financial intermediaries other than monetary financial institutions \(ECB/2021/12\) \(OJ L 208, 11.6.2021, p. 59\).](#)

The cost assessment was split into five blocks, each covering a particular set of user requirements: additional aggregated breakdowns of the assets and liabilities of investment funds; income-related requirements; requirements for securities without publicly available identification codes; investment fund classification information; requirements relating to frequency and timeliness.

The outcome of the cost assessment questionnaire revealed significant differences between countries in the additional costs of some features, owing to differences in the scope of current national requirements.

Overall, the costs were lowest for the new asset and liability breakdowns and the investment fund classifications.

For requirements related to monthly reporting frequency and securities without publicly available identification codes, the costs were generally slightly higher. In these cases, large differences across countries were observed, given that such approaches have already been implemented in many countries. In contrast, the more substantial increases in timeliness were associated with significant additional costs in several countries.

The highest costs identified in the exercise were for income-related requirements.

The **merits assessment** of the proposed new reporting requirements was carried out by the same committees that had expressed their new data needs in the user consultation.

The exercise found monthly data to have the highest merits.

Relatively high merits were also identified for most features in the blocks covering additional aggregated breakdowns of assets and liabilities, requirements for securities without publicly available identification codes and investment fund classification information. For the income-related requirements, the merits were also assessed as high.

Given the extent of the items in the cost assessment, and following a discussion with data users, the timeliness requirement was not included in the merits assessment and therefore not considered for the draft recast Regulation.

The **matching of merits and costs** was the last step before drafting the recast Regulation.

To reduce the total costs of new reporting requirements, some items with relatively low costs were excluded if the merits were not high. Alternative data sources and mitigating measures were also considered for some of the proposed features; for example, NCBs may choose to estimate the income received by investment funds from their holdings, instead of collecting the data directly.

The package of new reporting requirements provides a good balance between enhancing the availability and quality of data for the users of investment fund statistics provided through different datasets and the reporting burden for investment

funds and compilation burden for authorities. The recast Regulation was drafted on this basis.

The draft recast Regulation is now open to public consultation to be concluded by 12 February 2024.