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France Invest's comments on ESMA's

Discussion Paper on the integrated collection of funds' data

France Invest would like to thank ESMA for the opportunity to comment on its discussion paper on the integrated collection of funds' data. We support ESMA's objective to improve efficiency and reduce the cost implied by supervisory reporting, while ensuring the appropriate level of transparency and effective supervision. In particular, we are very much in favour of removing replicated reporting requirements.

As a general principle, we emphasize that **any integrated reporting should replace - rather than add to - existing obligations**. We would be firmly opposed to the creation of an additional, 28th reporting regime, which would only replicate existing requirements. In other words, we support the development, ultimately, of a single reporting regime for funds, with a single-entry point, ensuring the **confidentiality** of data.

The scope of reporting should be defined by the supervisors' objectives and tailored to their specific needs, with the purpose of reporting serving as the key determining factor, and **in line with the nature of the fund**. We would warn against setting identical reporting requirements on UCITS and AIF managers.

The new reporting template should be dynamic: fields which are irrelevant to a given fund should automatically disappear. In other words, selecting a 'not applicable' box should automatically remove all related reporting fields.

Furthermore, the frequency of reporting should be adequate to its ultimate purpose (systemic risk, investor protection...) and primarily align with the nature of the fund. **Whether a fund is open-ended or closed-ended, as well as the frequency of its valuation, should be considered** when determining its reporting frequency. Moreover, **the requirement to report to competent authorities within 30 days is impractical for private equity fund managers** and is not well tailored to the illiquid nature of private equity investments and to the practices of the private equity industry.

Last, we would like to underline that **the introduction of a new reporting system will require significant time and resources**. Therefore, **a proper transition should be organized:** guidelines and support should be put in place, in particular for the attention of smaller players.

It is crucial that market players have **a contact point to share any practical issue** while fulfilling their reporting obligations.

Q1. Do you confirm the findings presented in this stocktake section? If you have additional information, please provide all relevant details.

We confirm that **our members are subject to reporting frameworks at EU-level and at national level as well as to other reporting frameworks** (such as the ECB statistical reporting). As a result, our members sometimes have to report similar information to different recipients. Such duplications or inconsistencies should be removed.

We note that regulatory reporting:

- Requires **significant resources** due to the high number of data fields – typically carried out by service providers and representing a real administrative and financial burden on smaller managers - and a cost that is ultimately passed on to investors;
- Is **not sufficiently harmonised** between Member States. This is partly because of the ability of Member States to request additional information.

Reporting is typically carried out with the **assistance of service providers**, who design standardized templates that not only frame the reporting process but also embed their own interpretations, thereby shaping market practices. However, the repeated exchanges between managers and service providers often become cumbersome and costly. Managers ultimately devote significant time and resources to reporting, despite their core mission being to support unlisted companies.

Overall, as reported by Invest Europe, managers of various sizes authorised under the AIFMD estimate their reporting requirements at **around EUR 100k to 200k**. This cost is typically harder on smaller managers, as larger managers are better able to cope with the complexity and length of the AIFMD Annex IV reporting.

Moreover, **a number of fields in these multiple reporting frameworks are irrelevant in practice** and we doubt they really give regulators the information they truly need. **The scope of reporting should be defined depending on supervisors' objectives** and tailored to their specific needs, with the purpose of reporting serving as the key determining factor, **and it should be aligned with the nature of the fund**.

We are not against the idea to more appropriately reflect the different fund models to avoid most funds falling under the category “others” and to add complementary data fields. This being said, Annex 10 of the discussion paper proposes that private equity funds disclose “specific information”. **We recommend that ESMA clarify that the information relevant to private equity funds is that set out in Article 26 and subsequent provisions of the AIFMD**. No new additional reporting requirements should be introduced.

In any case, **the new reporting template should be dynamic**: fields which are irrelevant to a given fund should automatically disappear. In other words, selecting a 'not applicable' box should automatically remove all related reporting fields.

Q2. What are the best practices for data collection for retail investment funds in EU and non-EU jurisdictions that ESMA could consider?

We would kindly warn ESMA **against a full harmonisation of reporting requirements that apply to funds offered to professional and of reporting requirements that apply to funds offered to retail investors** (in other words applying UCITS reporting requirements to all AIFs), given the specificities of these two types of funds. If we acknowledge that **a core reporting** on their common features could apply to both UCITS and AIFs, we call for **calibrated reporting fields tailored to the funds' specificities** (including assets managed, e.g. non-listed equity).

It should be recalled that the level of information relating to funds offered to retail investors is generally higher than that relating to funds offered to professional investors. If our members are willing to share information on the funds they manage with regulators and supervisors, they should not be required to provide the funds' full legal documentation as this would uselessly add to their burden.

Furthermore, our members with reporting experience through **the EDGAR system** note that the forms are complex and that the overlapping reporting requirements at both federal and state levels are difficult to navigate.

Q3. What challenges arising from overlapping EU-level and national reporting obligations (e.g. under AIFMD, UCITS, MMFR) does your institution experience? Please describe specific reporting overlaps and their operational impact quantifying and providing examples of redundant submissions.

Q4. How should the approach to focus on reporting elements with high added-value approach be implemented to ensure proportionality, efficiency, and data quality?

We fully support ESMA's aim to streamline existing reporting obligations and **not to introduce new additional reporting obligations**. We also welcome the approach to take into account the data available at the level of the fund in the design of supervisory reporting obligations.

We welcome ESMA's proposal to make UCITS and AIFMD reporting consistent. However, **we would warn against setting identical reporting requirements on UCITS and AIF managers**. Indeed, these are two different types of funds with each their own specificities. It would not make sense for UCITS and AIF to report identical information considering their different nature.

The scope of reporting should be defined by the supervisors' objectives and tailored to specific needs, with **the purpose of reporting serving as the key determining factor, and in line with the nature of the fund**. In this context, we suggest focusing on the value of reporting data per type of fund, also acknowledging the fund's investor base - typically to avoid treating funds marketed to retail clients in the same way as funds exclusively offered to professional investors.

Q5. Do you support the objective of developing a more integrated reporting framework covering AIFMD, UCITS, MMFR, and ECB statistical reporting? What are the key obstacles or risks linked to integrating fund reporting frameworks?

Yes, **we generally support the objective of developing a more integrated reporting framework for funds covering in particular AIFMD, UCITS and ECB statistical reporting.** That said, it should be noted that all funds will not automatically be covered by all the regulations identified by ESMA (e.g. some funds are not covered by MMFR).

That said, **integrated reporting should not mean uniform standard reporting** – otherwise, the same mistakes as with the KID document could be created, where disclosure to investors is largely waived by industry participants as irrelevant because disconnected to market realities. Value in reporting certain elements may be important from a UCITS perspective - both because of the liquidity of assets and the retail nature of investors – and yet remain irrelevant from a private equity perspective.

If we acknowledge that **a core reporting** on their common features could apply to both UCITS and AIFs, we call for **calibrated reporting fields tailored to the funds' specificities** (including assets managed, e.g. non-listed equity).

The new reporting template should be dynamic: fields irrelevant to a given fund should automatically disappear. In other words, selecting a 'not applicable' box should permanently remove all related reporting fields.

In addition, asset managers should be offered the opportunity to **share the data they disclose in the context of supervisory reporting with professional national associations.** For example, they should be able to simply tick a box to confirm their membership in the relevant association and consent to the use of their information for statistical purposes, in an anonymized and aggregated form.

Q6. Please list your preferred option of those listed in this section and highlight any other option or combination of the ones listed here that you consider effective. In your response, please outline the main expected costs and benefits associated with the options proposed, and identify any preconditions or phased implementation steps that would be necessary to ensure feasibility and proportionality.

As a preliminary remark, we emphasize that **any integrated reporting should replace - rather than add to - existing obligations.** We would be firmly opposed to the creation of an additional, 28th reporting regime, which would only replicate existing requirements.

We would like to stress that not all managers and funds are subject to the full set of regulations and reporting obligations identified by ESMA (e.g. EMIR). Moreover, some funds may be distributed solely within national boundaries, without engaging in cross-border activities. In such cases, integrating all the different reporting frameworks may prove challenging and add little value. In any case, **the new reporting template should be dynamic** so that reporting fields which are not relevant to a specific fund automatically disappear.

Certain national competent authorities apply additional reporting requirements in line with their national supervisory practices (e.g. reporting on exceeding ratios), some of which may be in

relation to the authorities' specific funding models. In our view, as a general principle, national reporting requirements should be limited as far as possible.

We would support the development, ultimately, of a single, user-friendly reporting system for funds, with a single-entry point (at national or EU level, at the discretion of market players), encompassing both European and (as few as possible) national requirements. Ideally, the ultimate objective should be to organize a progressive migration to a single replacement of all reporting systems (IR3). However, **this objective does not seem attainable at this stage**, in particular as it would require **adequate protection of the confidentiality of the reported data** – for instance, in the context of private equity funds offered to professional investors, excessive transparency on the portfolio may prove detrimental to exits - and **a profound shift in responsibilities for ESMA**. In addition, national authorities need data (on the assets under management, on the number of funds created...), for instance to ensure compliance with national laws (e.g. French FCPI need to comply with specific ratios to benefit from tax reliefs) and compute information at macro level for their governments.

Therefore, **we recommend starting with the implementation of a fully integrated reporting framework (IR2)**. This would allow capitalizing on the flows of information already in place between asset management companies and their national authorities. It should be recalled here that the time, effort and cost needed to introduce a new reporting system may be significant, in particular for smaller players. For instance, the migration to the ROSA system introduced in France by the AMF or the introduction of the DORA reporting were not straightforward.

In any case, **we call for a proper transition to the new reporting system to be organized**: guidelines and specific technical norms should be developed, and support should be put in place, in particular for the attention of smaller players.

Q7. To what extent should the integration or alignment of supervisory and statistical reporting extend beyond the asset management frameworks, such as EMIR, SFTR, or MiFID/MiFIR? What challenges do you foresee? Are there additional reporting regimes that should be considered for future alignment with asset management reporting?

In our view, extending the integration of supervisory and statistical reporting beyond the asset management frameworks may not be of significant added value at this stage.

Q8. How should this approach be implemented to ensure proportionality, efficiency, and data quality?

We fully support ESMA's aim to streamline existing supervisory reporting obligations and not introduce new additional obligations. We also support ESMA's approach to focus on data with the most added value for supervisory purposes and to apply a hybrid approach i.e. take into account the data available at the funds' level.

Again, we would like to reiterate the need to **take into account different types of funds and their specificities** would a common taxonomy for reporting and/or centralised database on the funds' characteristics be developed. For instance, private equity funds have different features from UCITS. Value in reporting certain elements may be important from a UCITS

perspective - both because of the liquidity of assets and the retail nature of investors – and yet remain irrelevant from a private equity perspective.

Q9. How can semantic data integration best be achieved across reporting frameworks? Please identify areas where alignment would be most beneficial?

In the context of the development of such integrated reporting system, **we support the development of a common reporting taxonomy** allowing the proper integration of reporting obligations, even though this may be quite challenging.

We support ESMA's proposals to:

- create a common dictionary of data allowing a unified taxonomy for the reporting for asset management;
- Identify national ad hoc reporting requirements in order to ensure better coordination;
- create a centralized database including the funds' key features.

Q10. Which of the proposed options do you consider most efficient? If possible, please quantify the expected cost and benefits for each option. Would you support an alternative option involving additional actors, such as centralised reporting infrastructures?

We welcome that ESMA takes into account the fact that smaller managers may have less resources to dedicate to reporting and **we strongly support the application of the proportionality principle**.

For reasons described previously, we are in favour of **option 2** (a single national authority collects and feeds information into a centralized system at EU level which allows information sharing), provided that **confidentiality of data is ensured** when information is shared among authorities and that **information is shared for legitimate purposes only**.

We recommend that **data sharing agreements** are agreed among national authorities, national central banks, ECB, ESMA, and ESRB in order to ensure smoother communication and an alleviated reporting burden on managers. Moreover, there should be no **change regarding the supervision of reporting entities**, allowing day-to-day interactions to remain with national authorities. Furthermore, a **transition period** should be introduced so that managers can adjust their internal systems to the new framework.

In combination option 2, we suggest offering the option to managers to use a reporting system centralized at EU level (option 3). This would allow larger managers or managers performing cross-border activities to streamline their reporting duties. In such situation, ESMA will have to be granted adequate financial means, staff and competence, to process the data reported by market participants.

Q11. How important is it to retain the supervising NCA as an intermediary between the reporting entity and the centralised system in the reporting process?

Under option 2, **it is key that the supervising national competent authority is retained as an intermediary between the reporting entity and the centralized system in the reporting process**. Indeed, even though fund markets have been harmonised at EU level, national specificities prevail. In particular, **AIFs are not harmonized at EU level**. National competent authorities have the required knowledge of the funds and managers operating in their jurisdiction

However, **larger players or players performing cross border activities may see benefit in reporting through a system centralized at EU level** and should be offered the option to interact directly with ESMA.

In any case, **it is crucial that market players have a contact point** to share any practical difficulty in performing their reporting and receive the support they need.

Q12. Are there any other data sharing arrangements, either within or beyond asset management, that you believe would be beneficial for burden reduction?

In any case, the confidentiality of the data should be ensured.

Q13. Would a phased implementation of the potential changes outlined in the sections on “Integrated reporting” and “Reporting flows and data sharing” help ensure proportionality and facilitate smoother transition?

Reshaping data systems will be expensive and time consuming. The transition to the new framework should be as smooth as possible. The industry should be given **time** to get up to speed with the new standards and **market players should be assisted in such migration** (specific technical guidelines, provision of detailed operating procedures specifying precisely what will be expected for each section, educational workshops and webinars...).

Q14. Do you consider that it would be beneficial to introduce a common standard, such as ISO 20022, across all reporting obligations within the asset management domain? What would be the costs and benefits for reporting entities of transitioning all reported data to a single standard? If ISO 20022 is not the preferred solution, what alternatives could be considered?

We agree with ESMA that the format chosen should be applicable to UCITS and AIFs and should take into account other reporting regimes as well as statistical reporting.

Moreover, we support the introduction of the common standard ISO 20022 across all reporting obligations within the asset management domain.

Q15. What would be the main advantages and disadvantages of using respective syntaxes (XML, JSON, XBRL) for all AIFMD and UCITS reporting?

Our members report that XML (and JSON) are commonly used syntaxes for AIFMD reporting.

Q16. Would an increase of data granularity contribute to improved data quality, usability and reduced duplications? To what extent can the greater use of international standards (e.g. CFI codes, LEIs) and master data reduce the compliance costs and improve interoperability in regulatory reporting?

We agree that reporting data at a more granular level may be easier and less costly for managers than providing aggregated or transformed data. In particular, such reporting would avoid back and forth exchanges with service providers. That said, reporting data at a more granular level may imply a higher risk of inconsistencies (if aggregation is not performed properly).

Q17. What are your views on implementing security-by-security as the baseline granularity? What are the main benefits and costs of the presented options? What solutions should be envisaged to ensure a proportionate approach?

Even if it may be easier, less burdensome and faster, and if it may avoid back and forth exchanges with external providers, we are not necessarily in favour of implementing security by security granularity. Indeed, **disclosing the composition of a fund's entire portfolio may raise significant confidentiality issues** – in the context of private equity funds offered to professional investors, excessive transparency on the portfolio can be detrimental to exits. The level of granularity of the reporting should be dictated by its ultimate purpose.

In our view, managers should be allowed to choose between ISIN or LEI at their own discretion.

Q18. With respect to share classes, what data should be considered for reporting at the share class level? What operational challenges do you face when reporting at the share class level?

Q19. In your opinion, is it feasible to substitute aggregated reporting data with more granular data within supervisory and statistical reporting frameworks? If yes, what kind of data?

Q20. What additional areas should be investigated under the integrated reporting initiative in terms of data granularity and standardisation?

Q21. Do you consider that frequency should be aligned across reporting regimes and jurisdictions? If yes, what frequency would provide the best balance of costs and benefits? What kind of challenges would you expect in implementing it?

No, frequency cannot be aligned across reporting regimes and jurisdictions. Rather, **the frequency of reporting should be proportionate to its ultimate purpose** (systemic risk, investor protection...) **and primarily align with the nature of the fund**. It is of utmost importance that the frequency of the reporting fits with the needs of investors and the level of illiquidity of underlying investments.

In this context, we fully support ESMA's view that **factors such as whether a fund is open-ended or closed-ended, as well as the frequency of its valuation, should be considered** when determining its reporting frequency.

For example, **imposing monthly reporting requirements on closed-ended funds which invest in unlisted companies held over several years would make little sense**. In such cases, reporting identical data over multiple months offers no value to regulators, as no new valuations would typically be available. With respect to such funds, we recommend an annual reporting frequency as a quarterly reporting frequency is burdensome, impractical and adds little value.

We also note that **the requirement to report to competent authorities within 30 days is impractical for private equity fund managers** and is not well tailored to the illiquid nature of private equity investments and to the practices of the private equity industry. Indeed, valuations may not be finalized 30 days after the closing date. **Fund managers will need time to produce integrated reports**. Proportionality should be applied in particular for smaller players which have more limited resources.

For example, if a quarterly fund with a valuation date of 30 June needs to report in July, it will rely on the most recent valuation available - typically that of 31 March - since one month is generally insufficient to produce a new valuation. As a result, the figures used in the report will not be as up to date as would be ideal, depending on the purpose of the reporting.

Q22. What solutions and criteria should be envisaged to ensure a proportionate approach with respect to the reporting frequency?

As explained previously, criteria such as the **purpose of the reporting and the nature of the fund** (e.g. the specificities of the assets in its portfolio) should be taken into account to ensure a proportionate approach with respect to the reporting frequency.

Q23. Given that daily reporting requirements are already implemented in certain Member States, how such a frequency could be set up to ensure an integrated approach while avoiding a disproportionate burden for reporting entities?

As mentioned previously, frequency cannot be aligned across reporting regimes and jurisdictions. Rather, the frequency of reporting should be adequate to its ultimate purpose (systemic risk, investor protection...) and primarily align with the nature of the fund. In this context, **daily reporting requirements would be irrelevant in a private equity context**.

Q24. How the reporting template for use in exceptional circumstances be designed to minimise the complexity for reporting entities, while ensuring sufficient flexibility to adapt to the specific nature of a crisis situation?

Q25. Are there any other dimensions not considered in this discussion paper that are relevant for the establishment of a more integrated reporting system? If yes, please provide specific examples and your views on potential improvements that can be made and their priority.

About France Invest

Established 40 years ago, France Invest brings together venture capital, private equity, infrastructure and private debt teams based in France, as well as the associated professions which support them. Its membership currently counts roughly 460 management firms and 200 associate members.

Private equity supports unlisted companies for a fixed period of time and provides them with the equity capital, through the acquisition of minority or majority stakes in their capital, needed to finance growth and transformation projects. It supports the creation of start-ups (venture capital), participates in the growth and transformation of many regional SMEs and mid-caps (growth capital) and contributes to the transfer of companies (replacement capital).

France Invest's members represent one of the main growth drivers for the French and European economy and support a significant portion of employment in France and Europe. In 2024, French private equity and infrastructure players invested €37 billion in 2,800 companies and infrastructure projects. They raised €39 billion from investors, over half of which abroad (just over one third at EU level excluding France), which will be invested over the next 5 years^[1]. In addition to that, in 2024, private debt players (structures financing companies and infrastructure projects) invested €13 billion in 317 transactions and raised €9 billion that will finance new transactions in the coming years^[2]. European companies, in particular start-ups and SMEs, are the main recipients of our members' investments. Over the 2018- 2023 period, over 530 000 jobs were created in companies backed by French venture capital and private equity^[3].