

Further development of capital market integration and supervision within the Union

2025/0382(COD) - 04/12/2025 - Legislative proposal

PURPOSE: to amend three key financial services directives governing AIFMs, UCITS and Markets in Financial Infrastructure Directive activities to harmonise and clarify regulatory standards that Member States have to transpose into their national law, furthering market integration.

PROPOSED ACT: Directive of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: this initiative is part of the European Commission's Market Integration and Supervision Package, aimed at deepening EU capital market integration, reducing fragmentation, and strengthening supervisory convergence across the Union as part of the Savings & Investments Union (SIU) strategy.

It amends three key financial services directives:

- [Directive 2009/65/EC](#) (UCITS Directive – investment funds),
- [Directive 2011/61/EU](#) (AIFMD – alternative investment fund managers), and
- [Directive 2014/65/EU](#) (MiFID II – markets in financial instruments).

CONTENT: this proposal aims to harmonise or remove national rules that are making the single market more fragmented, creating inefficiencies in the markets concerned. The initiative will contribute to achieving the general objective through the following specific objectives.

Enable further market integration and scale effects

The proposed amendments aim to **remove barriers to integration** in the core sectors of trading, post-trading and asset management, and improve the ability of market actors to operate more seamlessly across Member States, thereby enabling market integration and scale. It will foster competition, ensuring that scale benefits are effectively passed on to end users.

Harmonisation of authorisation procedures

The proposal seeks to clarify the scope and timing of the **notification of material changes** to the conditions of initial authorisation of the UCITS. ESMA will also be empowered with the obligation to develop draft regulatory technical standards to specify the procedures, timelines, forms and templates for the information that are provided as part of the authorisation of a UCITS.

Enhanced role of ESMA

Further amendments seek to remove **diverging national requirements and procedures** in the authorisation of AIFMs and management companies. This is done by mandating ESMA to develop draft regulatory technical standards to specify the information to be provided to the national competent authorities and the format, template and procedures for the provision of such information. In addition,

ESMA will also have the power to intervene when national authorities do not effectively apply Union rules or to directly suspend the cross-border activities of a fund manager or depositary in certain cases.

EU groups of management companies and AIFMs

The proposal introduces the concept of an **EU group of management companies or AIFMs**, which will include authorised management companies, AIFMs, credit institutions and investment firms.

Enable integrated supervision

The initiative aims to address the shortcomings and inefficiencies in the current supervisory framework, by tackling inconsistencies and complexities arising from fragmented national supervisory approaches. It aims to make supervision more effective, more conducive to **cross-border activities**, and more responsive to emerging risks, while reducing unnecessary burdens on firms.

Faster cross-border passporting times

To avoid unjustified procedural burdens for cross-border activities, it is necessary to ensure a more efficient application of the management passport under Directive 2009/65/EC and Directive 2011/61/EU. The proposal makes changes in order to reduce to **one month and 15 days** respectively the time by which the competent authorities of the management company's home Member State should transmit to the competent authorities of the management company's host Member State the information as regards the intention of the management company to operate in the territory of the host Member State with or without the establishment of a branch.

Introduction of an EU depositary passport

Amendments are made to establish an EU depositary passport, enabling AIFMs and UCITS to appoint a depositary located anywhere within the EU and allowing depositaries to offer their services on a cross-border basis. Such depositary passport will be applicable to depositaries that are authorised as credit institutions or investment firms and already benefit from an EU passport under Directive 2013/36/EU and Directive 2014/65/EU, respectively.

Facilitate innovation

Lastly, the proposed amendments aim to remove regulatory obstacles to distributed ledger technology (DLT), with a view to creating a framework to enable the use of new technologies in the provision of financial services.