

Press Release

BAI Calls for Greater Efforts on the European Savings-and-Investment Union

- The new EU Commission must place greater emphasis on the central role of the fund industry in the Single Market.
- A competitive fund industry benefits not only investors but also the European economies as a whole.
- The high regulatory standards in the fund industry should finally be recognized in the Non-Bank Financial Intermediation (NBFI) debate.

Bonn, November 27, 2024. After the European Parliament approved the new EU Commission, the Bundesverband Alternative Investments e.V. (BAI), Germany's central representative body for the alternative investments industry, is calling on the EU Commission and member states to intensify efforts in establishing the European Savings-and-Investment Union (SIU).

The newly constituted EU Commission, led by Ursula von der Leyen, has identified completing the Capital Markets Union as a key priority to ensure private investments drive productivity and innovation in the EU. The new commissioner in charge is Portuguese Maria Luis Albuquerque.

The BAI welcomes this initiative and recognizes the essential role private investments play in realizing the Capital Markets Union, now referred to as the Savings-and-Investment Union. However, the BAI criticizes the insufficient progress since the Capital Markets Union was introduced in 2015, emphasizing the need for greater efforts. BAI Managing Director Frank Dornseifer commented on the EU Commission's new initiative:

"In the past decade, the competitiveness of the European financial sector, including the fund industry, has declined compared to the U.S., and the so-called European Single Market remains deeply fragmented. We are far from achieving a genuine and robust Capital Markets Union. Hence, it is vital to vigorously push the Savings-and-Investment Union project forward. This requires a consistent and efficient regulatory framework. Instead, we face excessive bureaucracy and numerous national regulations. The Sustainable Finance sector exemplifies this: partly inconsistent rules, various national exceptions, and unmanageable bureaucracy even acknowledged by national supervisory

Press release



authorities.

Similarly, the fund industry faces numerous obstacles in cross-border activities, whether in distribution or providing fund services. Moreover, there is still no EU-wide concept for semi-professional investors, who can only invest in alternative investment funds under national regulations—if at all."

The BAI also takes issue with the ongoing EU discussion about Non-Bank Financial Intermediation (NBFi). A recent EU Commission consultation raised proposals for new or expanded regulations on certain funds, without adequately considering the existing and recently enhanced regulations for alternative investment funds. The BAI's response to the consultation highlighted the high regulatory standards for UCITS and AIFs and the fundamentally different business models of banks and funds.

Dornseifer added: "The NBFi debate falls short, particularly regarding funds. Fund business models and associated risks are entirely different, as are their balance sheet and investor structures. Maturity transformation is mostly irrelevant for funds with specific investment strategies, and even in exceptional cases, the recently revised regulations already require sophisticated risk and liquidity management tools. Therefore, these regulations should first prove their effectiveness in practice before engaging in unnecessary discussions about additional rules. Such debates are counterproductive. The new EU Commission must send a clear signal on whether and how it will support the increasingly important role of the fund industry in financing the sustainable transition, infrastructure projects, startups, and—of course—small and medium-sized enterprises. More regulation is likely the wrong approach."

You can find the BAI's response to the NBFi consultation [here](#).

Press contact:

Bundesverband Alternative Investments e.V. (BAI)

RA Frank Dornseifer

Managing Director

Poppelsdorfer Allee 106

53115 Bonn

Tel.: +49 (0)228-96987-50

dornseifer@bvai.de

www.bvai.de

The Bundesverband Alternative Investments e.V. (BAI) is the central representative body for the alternative investments industry in Germany. The association serves as a catalyst between professional German investors and recognized providers of alternative investment products worldwide. It advocates for enabling German institutional and professional investors to diversify their capital investments in alternative investments more easily and effectively, with a particular focus on the long-term security of German pension provisions. The BAI promotes public awareness and understanding of alternative investments and supports scientific research in this field. It engages in dialogue with political decision-makers and relevant regulatory authorities, maintaining communication with national and international organizations and associations. The association aims to achieve legal reforms and developments that benefit its members and their investors and to establish attractive and internationally competitive conditions for investment in alternative assets. The BAI's membership, which includes professionals from all areas of the alternative investments sector, has grown to around 300 companies.