

ESMA publishes new Q&A on product governance

The European Securities and Markets Authority (ESMA), the EU's securities markets regulator, has today updated its [Questions and Answers](#) on the implementation of investor protection topics under the Market in Financial Instruments Directive and Regulation (MiFID II/ MiFIR).

The Q&As on MiFID II and MiFIR investor protection and intermediaries' topics includes three new Q&As on 'product governance' that aim to give guidance on how firms manufacturing financial instruments should ensure that:

- financial instruments' costs and charges are compatible with the needs, objectives and characteristics of the target market;
- costs and charges do not undermine the financial instrument's return expectations;
- the charging structure of the financial instrument is appropriately transparent for the target market, ensuring that it does not disguise charges or is too complex to understand.

The purpose of the MiFID II/MiFIR investor protection Q&As is to promote common supervisory approaches and practices in the application of MiFID II and MiFIR.

ESMA will continue to develop this Q&A document on investor protection topics under MiFID II and MiFIR, both adding questions and answers to the topics already covered and introducing new sections for other MiFID II investor protection areas not yet addressed in this Q&A document.

ESMA updates Q&A on Benchmarks Regulation

The Q&As provide clarification on transitional provisions of the Regulation regarding critical benchmarks.

The purpose of this Q&A is to promote common supervisory approaches and practices in the application of the BMR. It provides responses to questions posed by the general public, market participants and competent authorities in relation to the practical application of the BMR. The content of this document is aimed at competent authorities under the Regulation to ensure that their supervisory activities are aligned with the common practices set out in the responses adopted by ESMA. The updated Q&As also provide guidance

to market participants on BMR requirements.

Next steps

ESMA will periodically review these Q&A and update them where required.

Migration: Worsening conditions for migrants and refugees across Europe



The Moria fire

In September, the Moria camp on Lesbos burned down, leaving about 12,000 people without shelter. Most of them were transferred to an emergency site, which was later flooded. This prompted renewed calls for a dignified and long-term solution for people seeking asylum in Greece.

During his visit to Moria in October, FRA's Director Michael O'Flaherty offered the [Agency's support to meet international human rights standards](#) as new facilities are developed.

Situation at the border

Both at land and sea borders, the number of reported pushbacks is increasing.

As the Coronavirus pandemic situation abated in summer, the number of migrants and refugees arriving to Europe increased again.

Over 300 people have died or gone missing while trying to reach European shores. Moreover, authorities in many countries do not allow ships to land in their ports, leaving people stranded at sea. Many migrants are also attempting to cross the Channel.

Asylum procedure

The number of asylum applications is still significantly below pre-COVID-19 levels.

Many national authorities managed to reduce the backlog of asylum applications despite the Coronavirus challenges, but applicants still face long waiting times. Access to the asylum procedures remains complicated – applicants lack information and legal support. Many family reunification procedures are on hold because of the pandemic.

Reception centres

Many centres remain overcrowded, making it difficult to follow COVID-19 hygiene and physical distancing measures.

In some countries, arrivals are not promptly registered, which prevents access to accommodation and food. In others, migrants have to undergo a quarantine in undignified conditions.

Child protection

Thousands of unaccompanied children continue living in unsuitable conditions.

After the fires in Moria, a number of countries – such as Belgium, Bulgaria, Croatia, Finland, France, Germany, Italy, Luxembourg, the Netherlands, Portugal and Slovenia – committed to relocate 400 unaccompanied children who had been living in the camp.

Policy developments

On 23 September, the European Commission published a [new Pact on Migration and Asylum](#). It sets out a new approach to migration and asylum management in the EU, with a stronger focus on border procedures, improving cooperation with the countries of origin and transit, successful integration of refugees and return of those with no right to stay.

Background:

The latest migration quarterly bulletin covers the period between 1 July and 30 September 2020. FRA has been regularly collecting data on migration since September 2015.

Access [previous migration quarterly reports >>](#)

SDGs have never been so relevant for the EU say representatives of regions, cities and the European Commission



On 21 October, the European Committee of the Regions, EUROCITIES, CEMR, PLATFORMA and Regions4 organised a workshop on the role of the SDGs in the crisis recovery.

Estelle Göger, member of Cabinet of Commissioner for Economy, Paolo Gentiloni, represented the European Commission and intervened following a debate with speakers representing the diversity of local and regional authorities in the EU – regions, cities, big and small, south, north, East and West of the EU.

While there is a real risk of a backsliding of the SDGs, in particular at national and EU level, all local and regional speakers confirmed that in their regions and cities, SDGs were more relevant than ever to manage our way out of the pandemic and recover from the crisis.

Mrs Aras, President of the Parliament of Baden-Württemberg, Germany, insisted that the region relies on tried and tested instrument for a sustainable recovery based on SDGs. On the contrary, Mr Rodriguez, Commissioner for the 2030 Agenda, speaking for Barcelona, Spain, explained how the pandemic reshuffled priorities of the city within the SDGs framework. The city issued the Barcelona Pact, Barcelona recovery strategy based on triple sustainability – economic, social and environmental.

All speakers echoed this **focus on triple sustainability** and the **absolute need to operate digital transition to enable it**. A strong message was that there is no certainty on how and when the classical services models we rely on will resume (for example tourism, restaurants). It is therefore indispensable to attract new talents and ideas, and rely on SDGs rather than on traditional models. Micke Larsson, Senior Strategist in Åland Islands, Finland, explained the region is using its **multi-stakeholders' platform** to gather inputs to formulate its recovery strategy while Barcelona set up a task force and launched an innovation competition to collect ideas from all stakeholders,

including citizens and businesses.

Participative approaches, raising awareness, creating ownership among people and organisations are key. Baden-Württemberg insisted on the impact of organising Sustainability Days to mobilise people on SDGs. Likewise, Mrs Soens, Councillor from Korkrijk, Belgium, recalled the impact of a Sustainability Week in the middle of September during the pandemic. She also paid tribute to the **support national association of cities** such as the VVSG – Flemish Association of Cities **provide to smaller cities and their multiplying power to coach numerous cities to localise SDGs.**

In the end, SDGs are much **more about listening to stakeholders than talking to them.** This is about **empowerment of individuals** and generosity towards others and future generations.

In addition to the confirmation of SDGs as the needed framework for recovery, all speakers agreed that the implementation of SDGs, even at local and regional level, **need leadership from the European Commission.** It is essential to show people on the ground that their region/city's strategies operate in a wider EU framework and this is part of a **coherent** plan at EU level. It is also important to show **continuity** of action and coherence between policy actions as well as the EU plays its accompanying role for the localisation of SDGs.

The SDGs should have been implemented through their integration within the European Semester, the EU economic coordination mechanisms. However, this year saw a clear focus of the European Semester on the EU recovery fund – the Recovery and Resilience Facility (RRF) – at the detriment of the SDGs. Participants all agreed that for the recovery to be sustainable, both the RRF and the Multiannual Financial Framework should finance sustainable projects and be based on the SDGs. Mrs Göger representing the European Commission recognised that there is **a risk of backsliding of SDGs because of the current crisis** but also noted that as all speakers reported, SDGs has never been so relevant before.

While SDGs are barely mentioned in the current European Semester process, all underlying initiatives linked to the recovery are linked to SDGs. For example, the Green Deal, the Digital Strategy, the RRF, the Just Transition Mechanism, the Circular Economy Action Plan, the Farm to Fork Strategy and the European Pillar of Social Rights Action Plan.

Mrs Göger recognised that there is undoubtedly **an issue in terms of narrative and tagging of SDGs** which is absent. However, she argued that in substance, **the European Commission is still working on and committed to use the SDGs framework** to guide future action.

For instance, to access the RRF 672.50 Billion EUR funding, EU countries will have to detail how they will operate their green and digital transition. The European Commission will have a crucial role in accepting or negotiating the National Recovery and Resilience plans EU countries will submit. This will have to be in line with objectives underpinned in the SDGs.

Mrs Göger hinted that the RRF legislative process is still ongoing and that the **lack of visibility of SDGs** in the proposal – notably in the reporting of national authorities – **could be reflected upon**, as should a better tagging of SDGs in the European Semester. She also insisted that the European Commission is supporting a participatory approach notably via its guidelines to EU countries, requesting them to consult local and regional authorities to draw their National Recovery and Resilience Plans, and asking whether and how consultations took place. This is an excellent opportunity as Mr Sinkevicius, Mayor of Jovana, Lithuania, recalled that the pandemic fostered closer links between the national and the local level in his country.

While the online connection with Mrs Göger was interrupted, Bert Kuby for the CoR formulated **follow-up remarks such the importance of not only tagging SDGs** within the European Semester but to **ensure policy coherence** between them in this mechanism.

In conclusion, Ivy Moraes for Regions4 and Masha Smirnova for EUROCITIES recalled that the SDGs were more important than ever for EU policy-making and that it should not be a case of either or, but that the **RRF should be based on SDGs**. The commitment of regions and cities in keeping implementing SDGs is also key to ensure continuity on the work of SDGs, while clearly there is a need for the European Commission to take full responsibility and leadership on the SDGs. A **joint EC-CoR Forum on the RRF could help foster cooperation between all government levels on a sustainable recovery**. Likewise, the soon-to-be published *Staff Working Document on the implementation of SDGs should link recovery and SDGs, assign clear responsibilities within the European Commission, and integrate the role of cities and regions in the localisation of SDGs*.

□

□

[ESMA publishes translations for Guidelines on performance fees in UCITS and certain types of AIFs](#)

05 November 2020

Fund Management

Guidelines and Technical standards

Supervisory convergence

The European Securities and Markets Authority (ESMA) has issued today the [official translations](#) of its guidelines on performance fees in UCITS and certain types of AIFs.

National Competent Authorities (NCAs) to which these Guidelines apply must notify ESMA whether they comply or intend to comply with the Guidelines, within two months of the date of publication by ESMA of the Guidelines in all EU official languages.