



## CONGRESS COLUMNS 2025

Sector overview and supervision  
of asset management



Dear reader,

We are pleased to announce the second edition of the “Congress Columns” for the asset management sector!

As last year, the Congress Columns on Asset Management address topics that are relevant for the professionals in the sector.

In the Congress Columns, you will find, for the asset management domain, an overview of the trends in the sector, an overview of the FSMA’s opinions and expectations, as well as its feedback following supervisory actions and analyses. The Congress Columns also discuss planned and ongoing supervisory actions.

The FSMA wishes hereby to inform the sector of its actions within the scope of its mandates. As a supervisory authority, the FSMA strives to ensure the honest and equitable treatment of financial consumers. It is committed to ensuring that the financial system is sustainable and merits the trust of investors, even when times are more challenging.

We realise that European competitiveness is stagnating and that there is a need to build a Savings and Investments Union. This should serve as a catalyst for Europe to step up its efforts to enhance its capital markets and its financial independence. Europe has a number of key strengths to meet this challenge: abundant savings

and a developed financial intermediation network. The asset management sector is expected to play a crucial role in the further development of a true Savings and Investments Union.

Moreover, the investment landscape is changing fast. The success of ETFs and crypto-assets, the growing interest in private assets, the increasingly important role of social media and influencers, and new marketing methods are all trends that are gathering momentum.

Given the changed investment landscape, we have taken the initiative to invite several stakeholders to “summer meetings” to informally discuss the future of asset management in Belgium. We will, of course, keep you informed of the conclusions we draw from these discussions.

We hope you enjoy reading this publication.

**Annemie ROMBOUTS, Deputy Chairman**

**Jean-Paul SERVAIS, Chairman**

# OVERVIEW CHAPTERS

Sector Overview

Recent developments  
in the supervision of  
asset management

Feedback following  
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and analyses

Ongoing and planned  
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Navigating prudential  
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Good to know...

# I. SECTOR OVERVIEW<sup>1</sup>

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<sup>1</sup> The statistics presented in this part may change in the future if an entity is deregistered on a specific date, effective on an earlier date, if an entity provides the FSMA with a correction to certain data reported to the FSMA at a later date, or due to statistical reclassifications or because of a correction of erroneous data. The FSMA continues to work with reporting entities to identify and correct filing errors. Further, the FSMA has employed certain assumptions in aggregating the data. Future adjustments to the methodology and amended filings that change the underlying data could also lead to changes in previously reported statistics. Figures are always presented as at 31 December of a given year. If a company or entity is deregistered as at 31 December of that year, it will still be included in these figures. This approach may also lead to differences with certain other figures.

## A. Asset management and investment firms in Belgium

This section is intended to provide an overview of the most important trends and developments in the Belgian asset management sector. The asset management sector consists of investment funds and asset managers.

Investment funds, or undertakings for collective investment (UCIs), pool capital from multiple investors and invest it in accordance with a defined investment policy, in the interest of those investors. The assets under management in the sector are held mainly on the balance sheets of investment funds. They are the core of the asset management sector. At the end of 2024, there were 98 Belgian public UCIs with a total of 573 sub-funds<sup>2</sup>. The vast majority of those funds were authorised as undertakings for collective investment in transferable securities (UCITS) in accordance with Directive 2009/65/EC<sup>3</sup>. During 2024, net assets of public funds increased, reaching over EUR 232 billion.

The FSMA also publishes a quarterly dashboard on its website with a comprehensive range of statistics on developments in the sector of the Belgian public open-ended UCIs<sup>4</sup>. The dashboard is intended to provide insights into the size of the sector's net assets and aggregated subscriptions and redemptions on a quarterly basis. The dashboard differentiates between different types of funds based on their investment policy and their sustainability-related disclosures.

UCIs may be self-managed or designate a management company to perform the management functions. These functions include the management of the fund's investment portfolio, but also other functions such as administration and the marketing of fund units. Management companies are companies whose regular

business consists of managing investment funds. At the end of 2024, there were 21 authorised Belgian management companies. Together, they managed EUR 218 billion in assets. This includes both Belgian and foreign investment funds, covering both UCITS and alternative investment funds (AIFs), whether public or not. The vast majority of the assets are managed by six management companies authorised to manage both UCITS and AIFs.

Alternative investment fund managers (AIFMs) whose assets under management remain below a certain threshold are not required to obtain an authorisation. They are often referred to as 'sub-threshold' AIFMs. By the end of 2024, 242 sub-threshold AIFMs were registered by the FSMA, managing a total of almost EUR 10 billion in assets.

In general, the FSMA is not responsible for supervising non-public AIFs. However, as part of its supervision and monitoring of authorised and registered Belgian AIFMs, the FSMA does follow up on certain aspects of the AIFs they manage. By the end of 2024, there were 606 AIFs for which their Belgian manager reported data to the FSMA. They include both Belgian and foreign AIFs, and both externally managed and internally managed (or self-managed) AIFs. The vast majority of those AIFs are not publicly offered in Belgium. They represented EUR 44 billion in net assets.

In a broader context, asset management can also include the investment service of portfolio management: the discretionary management of individual client portfolios based on a client mandate. Investment services may be offered by, among others, credit institutions, asset managers, and investment firms. Investment firms are firms whose regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis.

<sup>2</sup> In so far as the investment funds are organised into sub-funds. For investment funds that do not have sub-funds, the investment fund itself is considered to be the sub-fund.

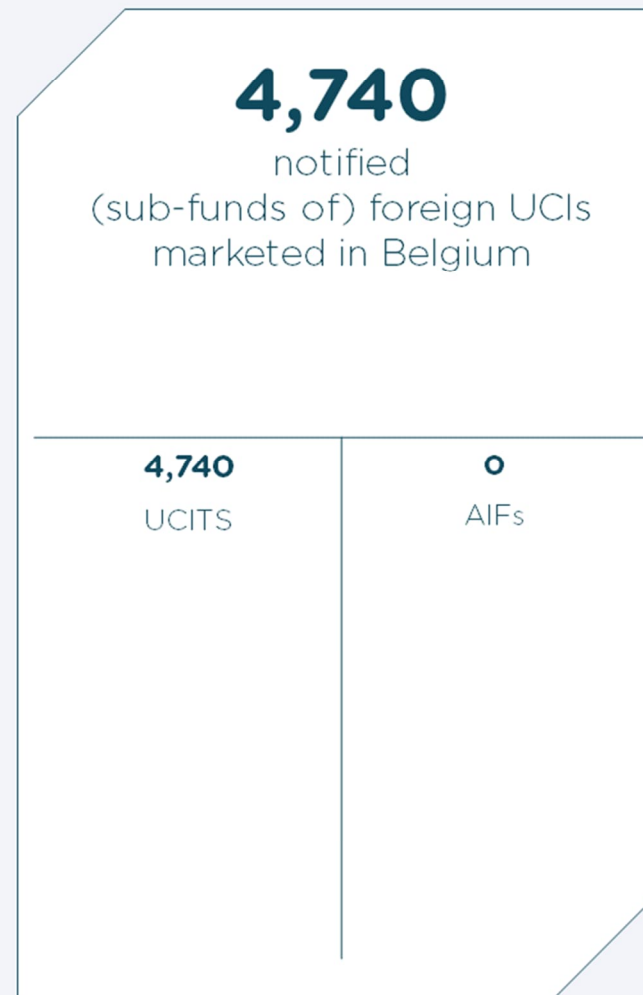
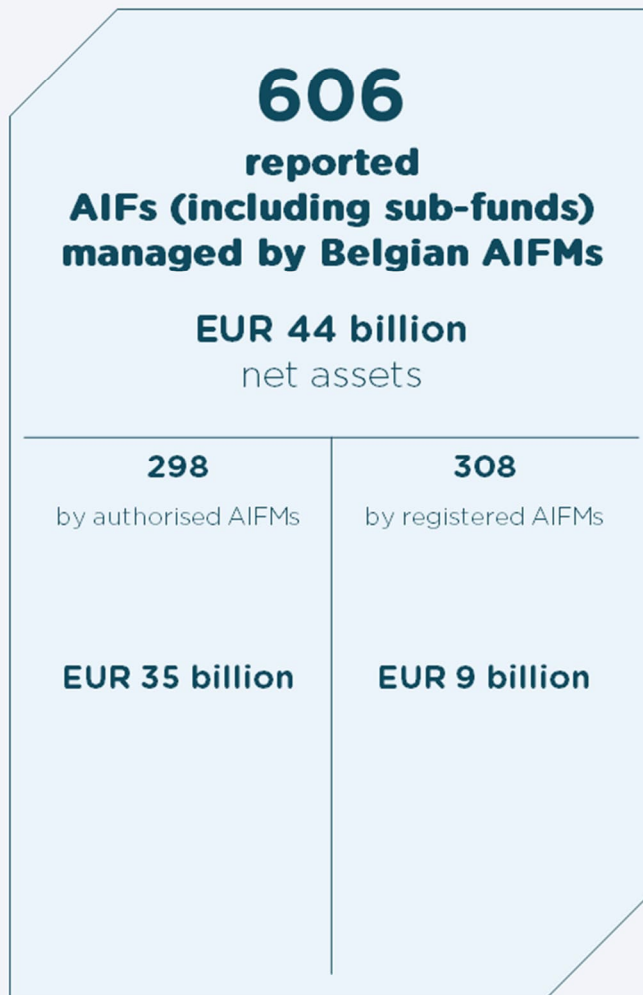
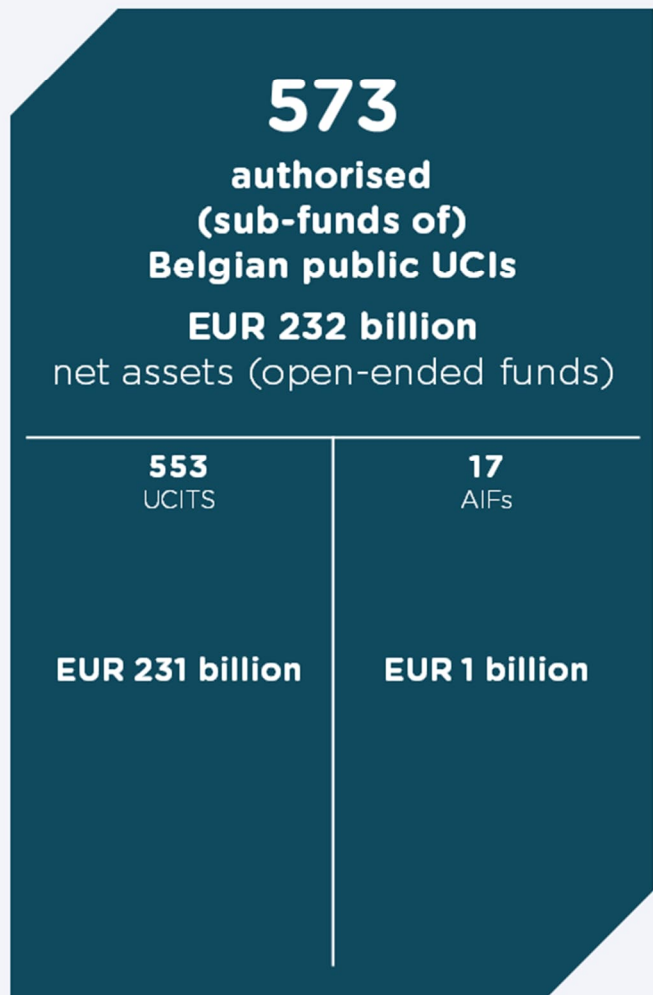
<sup>3</sup> Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS).

<sup>4</sup> <https://www.fsma.be/en/undertakings-collective-investment-uci> > Dashboards.

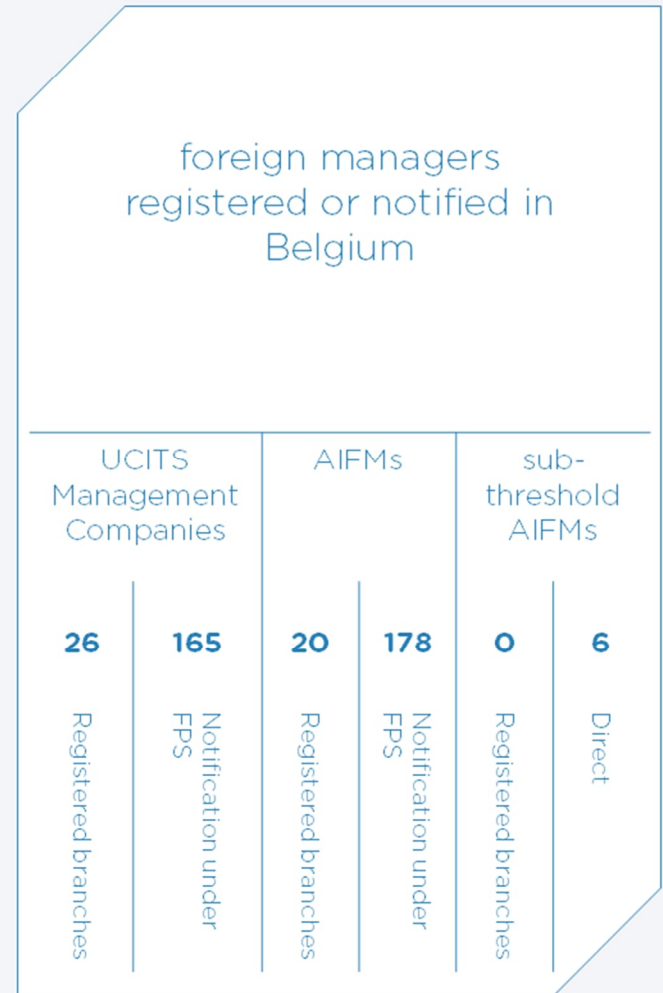
Belgian investment firms take the legal form of either a stockbroking firm or a portfolio management and investment advice company. In the latter case, such firms cannot offer the full range of investment services.

Portfolio management and investment advice companies (PMIA companies) must obtain an authorisation from the FSMA before starting their activities. At the end of 2024, there were 17 authorised PMIA companies. Most offer portfolio management (13 companies) and investment advice (12 companies), and many also provide order reception and transmission services (11 companies). Their assets under portfolio management amount to EUR 8 billion, while assets under investment advice represent almost EUR 3 billion.

INVESTMENT FUNDS



ASSET MANAGERS



INVESTMENT FIRMS

**17**  
**authorised**  
**portfolio management and**  
**investment advice**  
**companies**  
**EUR 11 billion**  
 assets under management  
 and advice

<b>13</b> authorised to provide portfolio management	<b>12</b> authorised to provide investment advice	<b>11</b> authorised to receive and transmit orders
<b>EUR 8 billion</b>	<b>EUR 3 billion</b>	

**10**  
**authorised**  
**stockbroking firms**  
*(authorised by the NBB)*

foreign investment firms  
 registered or notified in  
 Belgium

<b>17</b> Registered branches	<b>14</b> Via tied agent	<b>1,040</b> Notification under FPS (EEA)	<b>422</b> Notification Third country
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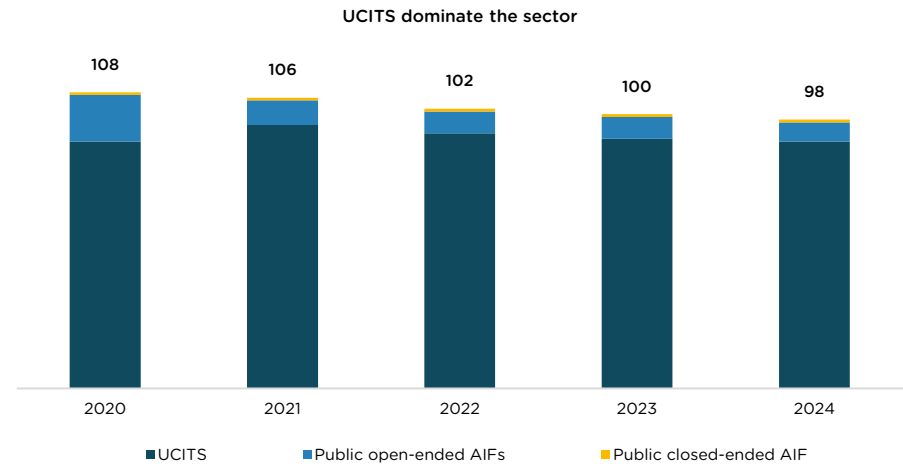
## B. Belgian public investment funds

### a. Belgian public investment funds are mainly UCITS<sup>5</sup>

Public investment funds, or undertakings for collective investment (UCIs), raise capital in Belgium through a public offering. Belgian public investment funds must be authorised by the FSMA before starting their activities. This obligation applies both at umbrella level and at sub-fund level. At the end of 2024, 98 Belgian public investment funds (at umbrella level) were authorised by the FSMA, a decrease by two funds compared to the end of 2023 (see Chart 1)<sup>6,7</sup>.

90 of these investment funds are UCITS. The importance of UCITS in the Belgian public investment fund sector becomes even clearer when looking at the distribution of the number of sub-funds and the total net assets: 97 per cent of the sub-funds are UCITS sub-funds, while 99 per cent of total net assets are held by UCITS<sup>8</sup> (see Charts 2 and 5).

**Chart 1: Number of Belgian public investment funds authorised by the FSMA (as at 31 December, at umbrella fund level)**



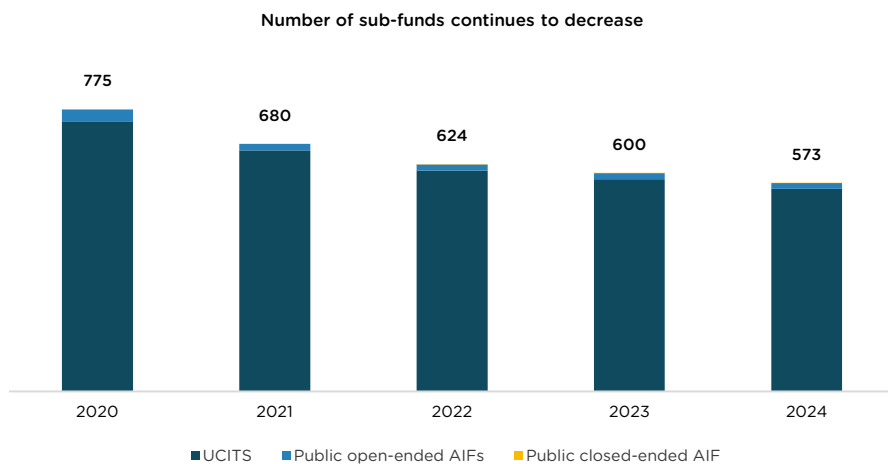
<sup>5</sup> The FSMA also publishes a quarterly dashboard on its website with a more comprehensive range of statistics on developments in Belgian public open-ended investment funds (<https://www.fsma.be/en/undertakings-collective-investment-uci> > Dashboards).

<sup>6</sup> One UCI was authorised during 2024: Preservation Fund Sicav. Three UCIs were withdrawn during 2024: ING (B) Fund, Goldman Sachs (B) Invest and Goldman Sachs (B) Fund.

<sup>7</sup> For the most recent data and identification of authorised public UCIs, please refer to the list published on the website of the FSMA (<https://www.fsma.be/en/undertakings-collective-investment-uci> > Choose NL (Lijsten > Openbare instellingen voor collectieve belegging naar Belgisch recht) or FR (Listes > Organismes de placement collectif publics de droit belge)) or the FSMA data portal (<https://www.fsma.be/en/data-portal>).

<sup>8</sup> The figures relating to total net assets in chart 4 refer only to public open-ended investment funds. Inclusion of the figures for public closed-ended AIFs would not have a material impact on the findings.

Chart 2: Number of Belgian public investment funds authorised by the FSMA (as at 31 December, at sub-fund level)



The remaining public investment funds are authorised as public alternative investment funds (AIFs). Public AIFs must opt for one of the categories of permitted investments provided for by Belgian legislation. Seven public AIFs have opted for the category of financial instruments and liquid assets. They are open-ended and are subject to rules similar to those applicable to UCITS. One public AIF has opted for investments in unlisted companies and growth companies (a public *pricaf* in French or *privak* in Dutch). This type of AIF must be closed-ended and has to be listed on a Belgian regulated market.

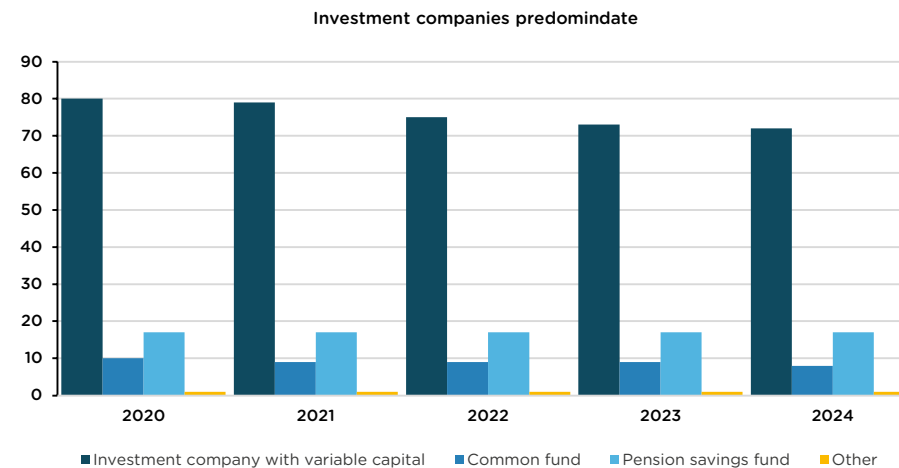
In the past three years, the number of public open-ended AIF sub-funds has remained relatively stable: by the end of 2024, there were 16 sub-funds authorised, compared to 18 sub-funds three years earlier.

The number of authorised public (sub-)funds has been steadily declining over recent years. This general downward trend is due partly to several structured sub-funds having reached maturity, but also to mergers and liquidations that are intended to rationalise the product offering. As of 2023, the decrease has been occurring at a slower pace than in previous years.

## b. The investment company is the most common legal form

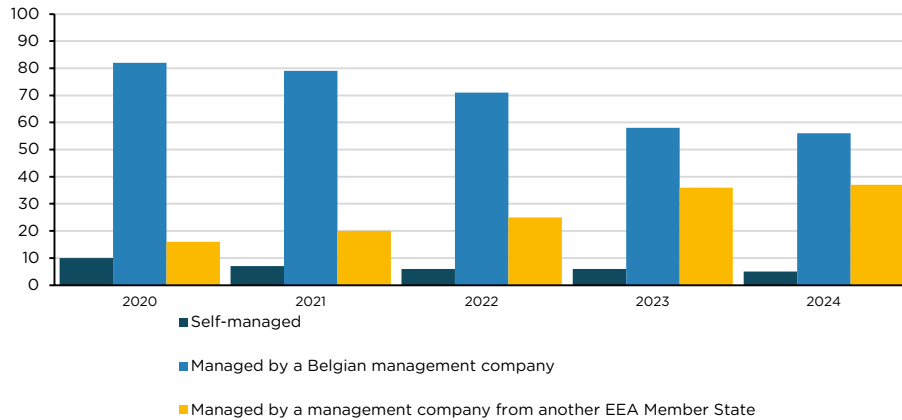
Public investment funds are mainly established as investment companies with variable capital (*sicav* in French or *bevek* in Dutch). By contrast, about a quarter are set up as common funds, the majority of which are pension savings funds. Both the number of investment companies and the number of common funds have declined slightly in recent years, leaving this distribution relatively stable (see chart 3).

Chart 3: Number of Belgian public investment funds by legal form (as at 31 December, at umbrella fund level)



**Chart 4: Number of Belgian public investment funds by management type**  
(as at 31 December, at umbrella fund level)

Importance of foreign management companies continues to grow



### c. Growing number of investment funds with a foreign management company

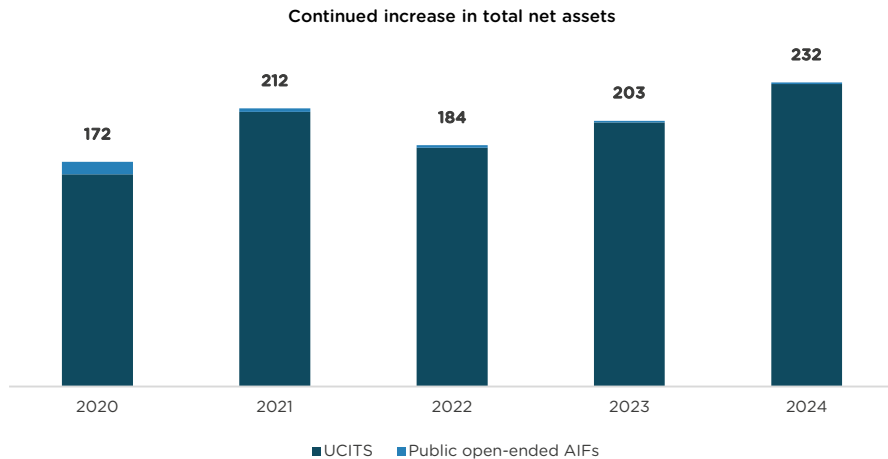
Investment companies that do not designate a management company must have an organisational structure that is appropriate to their business. The number of self-managed investment companies has declined in recent years to five companies at the end of 2024, down from ten such companies at the end of 2020. It is expected that, also in the light of the UCITSD/AIFMD review (see below), this downward trend will continue. The large majority of Belgian public investment funds have designated a management company.

Belgian public investment funds may designate either a Belgian management company or a management company from another member state of the European Economic Area (EEA). A clear trend in recent years is the increase in the number of public investment funds with a foreign management company and the decrease in the number of funds with a Belgian management company. At the end of 2024, 37 out of the 98 investment funds had designated a foreign management company. By contrast, at the end of 2020, only 16 out of 108 investment funds had designated a foreign management company. This increase is partly explained by the conversion of a few Belgian management companies into branches of foreign management companies.

### d. Total net assets of public open-ended investment funds increase

In 2024, total net assets of Belgian public open-ended investment funds increased for the second year in a row, reaching EUR 232 billion (see chart 5)<sup>9</sup>. This is a 14 per cent increase over the end of 2023.

**Chart 5:** Net assets of Belgian public open-ended investment funds by regulatory regime (as at 31 December, in EUR bn)

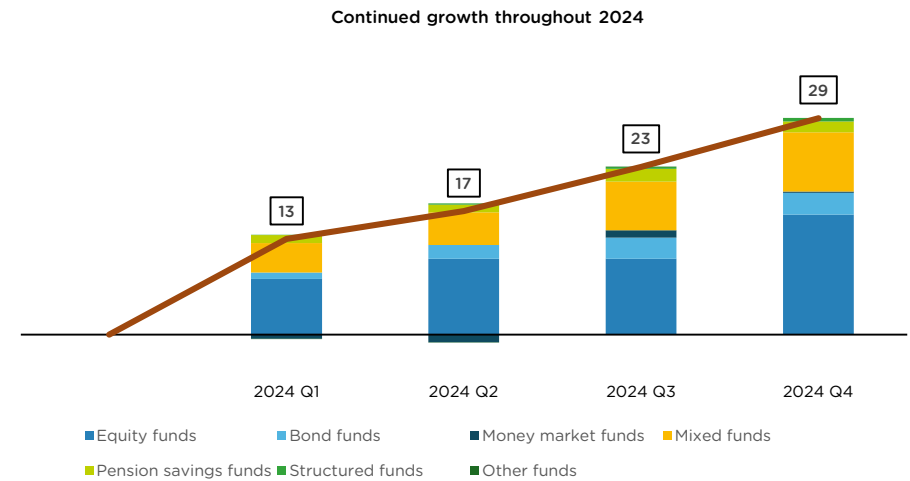


The increase in net assets is due to a combination of positive net inflows and developments in financial markets, which led to an overall positive performance of fund portfolios. This contrasts somewhat with the trend of the previous year,

during which the increase in net assets was driven almost entirely by the overall performance of fund portfolios.

By the end of the first quarter of 2024, total net assets had already increased by EUR 13 billion. This was followed by three consecutive quarters of continued growth in net assets, although April and October were both characterised by a decrease in net assets. November saw the largest increase in net assets, followed by a limited decrease in December. Overall, by the end of December 2024, the total increase in net assets over the end of 2023 amounted to nearly EUR 29 billion (see chart 6).

**Chart 6:** Changes in the net assets of Belgian public open-ended investment funds by investment policy (compared to 2023 Q4, in EUR bn)



<sup>9</sup> Recent quarterly statistics on the sector's net assets can be found in the quarterly dashboard published on the FSMA website (<https://www.fsma.be/en/undertakings-collective-investment-uci> > Dashboards).

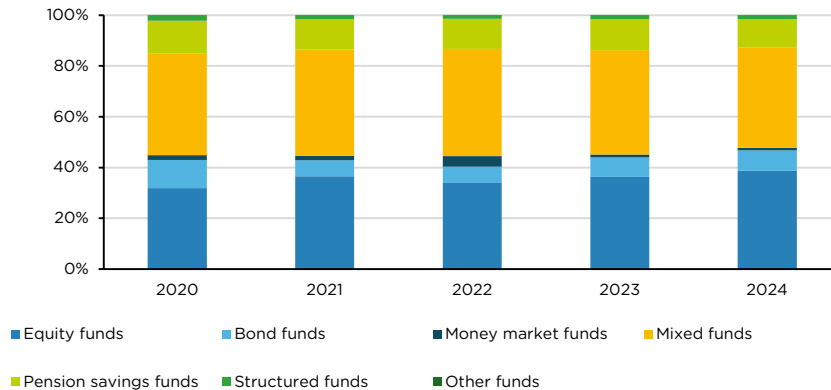
### e. Increased share of equity funds

Based on their investment policy, Belgian public open-ended investment funds can be classified into seven categories: equity funds, bond funds, money market funds, mixed funds, pension savings funds, structured funds, and other funds<sup>10</sup>.

Mixed funds, equity funds, bond funds, and pension savings funds are the four largest categories. Together, they account for over 97 per cent of total net assets. The proportion of structured funds, money market funds, and other funds is limited (see chart 7)<sup>11</sup>.

**Chart 7:** Distribution of net assets of Belgian public open-ended investment funds by investment policy (as at 31 December, in %)

**Mixed funds and equity funds are the largest categories**



Mixed funds and equity funds are the largest category, both representing around 39 per cent of total net assets. Mixed funds invest primarily in equities and bonds, using various strategies. Pension savings funds may also be considered mixed funds, which means that more than half of the net assets of Belgian public investment funds are invested in mixed funds. However, pension savings funds are subject to specific investment rules and therefore classified into a separate category. With 11 per cent of net assets, they represent the third-largest category.

Both mixed and pension savings funds performed well in 2024, with a growth in net assets of 10 per cent and 6 per cent, respectively. For pension savings funds, the growth is mostly explained by the performance of their investment portfolio, as net inflows during 2024 were very limited. Net inflows were slightly higher for other mixed funds; however, as is the case for pension savings funds, their net asset growth mainly reflects the overall performance of underlying investment portfolios.

The proportion of equity funds increased to almost 39 per cent during 2024. At the end of 2023, equity funds still accounted for 36 per cent of the sector (while mixed funds accounted for 41 per cent). At the end of 2024, equity funds were almost as important as mixed funds, mainly due to stronger growth in net assets. Equity funds experienced the strongest growth in net assets during 2024 (22 per cent), both due to an increase in the value of the underlying assets and because of positive net flows.

<sup>10</sup> The classification is at the level of the sub-funds.

<sup>11</sup> Recent quarterly statistics on the sector's net assets broken down by investment policy can be found in the quarterly dashboard published on the FSMA website (<https://www.fsma.be/en/undertakings-collective-investment-uci> > Dashboards).

## f. Inflows into bond funds and structured funds continue

For the second year in a row, net assets of bond funds grew strongly. In aggregate, net assets increased by 19 per cent. While consistent net inflows were the main driver, overall bond fund performance was also positive. This growth occurred when market conditions for bond funds were generally favourable. At the end of 2024, bond funds represented around 8 per cent of the sector.

Similarly, for the second year in a row, the total amount invested in newly launched structured funds exceeded the payout of maturing structured funds. As a result, net assets of structured funds increased by 14 per cent compared to a year earlier. The interest rate environment appeared to create conditions that facilitate the launching of new structured products. In addition, the performance of the underlying assets on the financial markets also contributed to the net asset growth for this category of funds. In terms of net assets, the importance of structured funds remains limited to around 2 per cent at the end of 2024.

The relative share of money market funds remained relatively stable, representing around 1 per cent of the sector. Money market funds experienced a 7 per cent growth in their net assets, driven by both net inflows and positive returns.

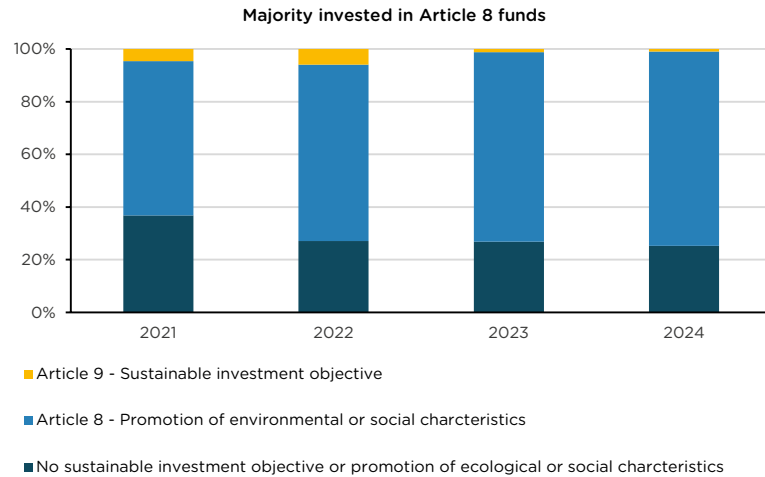
## g. Majority of net assets invested in funds that promote environmental or social characteristics

The sector of Belgian public open-ended investment funds can also be classified into categories based on the information they are required to disclose under the Sustainable Finance Disclosure Regulation (SFDR)<sup>12</sup>.

Article 8 funds are funds that promote environmental or social characteristics, or a combination of both. At the end of 2024 this category of funds was the largest, accounting for 74 per cent of total net assets (see chart 8). Their relative importance increased further during 2024 due to a combination of various factors: net inflows, positive returns on the assets in the investment portfolio, mergers with funds from other categories, and changes in investment policy that resulted in a reclassification.

<sup>12</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

**Chart 8: Total net assets of Belgian public investment funds by SFDR type (as at 31 December, in %)**



The importance of Article 9 funds, which have sustainable investments as their objective, remained relatively stable at 1 per cent of total net assets at the end of 2024. The proportion of funds that do not promote environmental or social characteristics, nor have sustainability as an investment objective, decreased slightly, from 27 per cent at the end of 2023 to 25 per cent at the end of 2024<sup>13</sup>.

<sup>13</sup> More recent statistics on the breakdown of the sector's net assets based on their sustainability-related disclosures can be found in the quarterly dashboard published on the FSMA website (<https://www.fsma.be/en/undertakings-collective-investment-uci> > Dashboards).

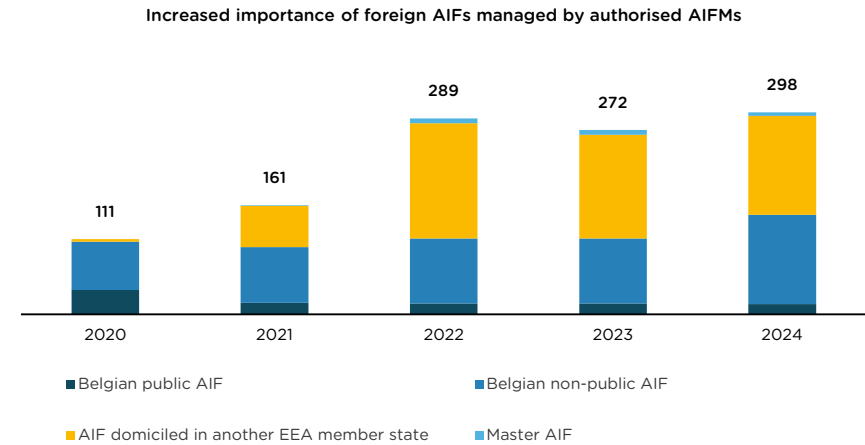
## C. Non-Public AIFs managed by Belgian asset managers

### a. Increased share of non-public and foreign AIFs

Investment funds that are offered to the public in Belgium must register with the FSMA before commencing their activities (see above). Most AIFs managed by Belgian authorised AIFMs and those managed by registered sub-threshold AIFMs (see below) are not publicly offered in Belgium. These AIFs are therefore not registered with the FSMA. However, both authorised and registered AIFMs are required to notify the FSMA about the identity of the AIFs they manage and must report at least annually to the FSMA about these AIFs.

As at 31 December 2024, authorised AIFMs reported data on 298 AIFs<sup>14</sup>, while registered sub-threshold AIFMs reported data on 308 AIFs (see charts 9 and 10).

**Chart 9:** Number of AIFs reported by Belgian AIFMs authorised by the FSMA by AIF domicile and type (as at 31 December)

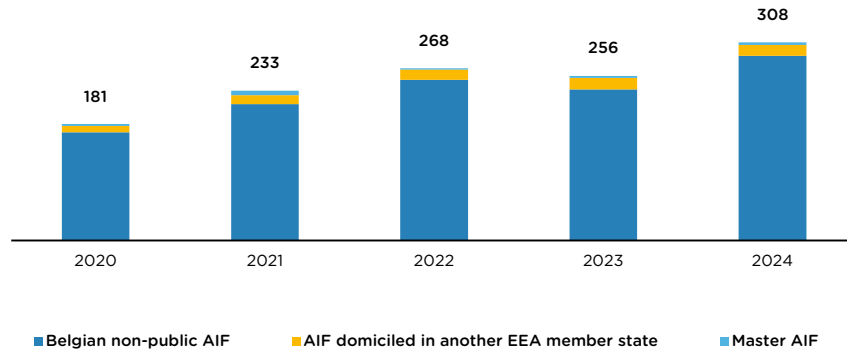


The total number of AIFs managed by Belgian authorised AIFMs has seen an increase in recent years. This increase is mainly explained by the growing number of foreign AIFs that have designated a Belgian authorised AIFM, although the number declined slightly during 2024. In 2024, the increase in the number of AIFs is entirely attributable to the increase in the number of Belgian non-public AIFs. The importance of public AIFs has been declining steadily but has remained relatively stable throughout 2024 (see also charts 1 and 2).

<sup>14</sup> AIFs refers to the funds at sub-fund level, where relevant.

**Chart 10:** Number of AIFs reported by Belgian AIFMs registered by the FSMA by AIF domicile and type (as at 31 December)

Majority of AIFs managed by registered AIFMs is domiciled in Belgium



For registered sub-threshold AIFMs, the overall picture is different. Out of 308 AIFs reported by these managers, 287 are Belgian non-public AIFs, representing 93 per cent of the net assets. Only 17 AIFs managed by those managers are domiciled in another member state of the European Economic Area (EEA). This breakdown has remained relatively stable in recent years. For 130 internally managed AIFs, the AIF and the manager are the same entity (see below).

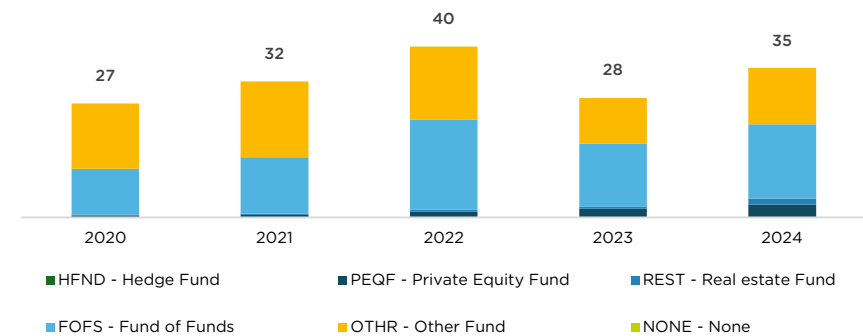
After a year with a slight decrease in the total number of AIFs, the total number of AIFs managed by Belgian AIFMs rose again during 2024, for both authorised and registered AIFMs.

## b. Limited but growing importance of private equity and real estate for authorised AIFMs

Within AIFs managed by authorised AIFMs, the share of funds of funds has increased in recent years. At the end of 2024, half of net assets were invested in funds of funds (see chart 11).

**Chart 11:** Total net assets (TNA) of AIFs managed by Belgian AIFMs authorised by the FSMA by AIF type (as at 31 December, in EUR bn)

Majority of assets invested in funds of funds and 'other' funds



Additionally, a significant part of the net assets of AIFs managed by authorised AIFMs is invested in 'other funds'. In practice, these are mainly equity funds, bond funds, or mixed funds, i.e., funds investing primarily in negotiable financial instruments and liquid assets. These funds are not necessarily subject to the various rules governing investment, diversification, and risk limitation that apply to public investment funds, which gives them more flexibility. At the end of 2024, 38 per cent of net assets were invested in these 'other funds', making this

category the second largest fund type. While the relative weight of this fund type has remained stable compared to the end of 2023, it had declined somewhat in previous years.

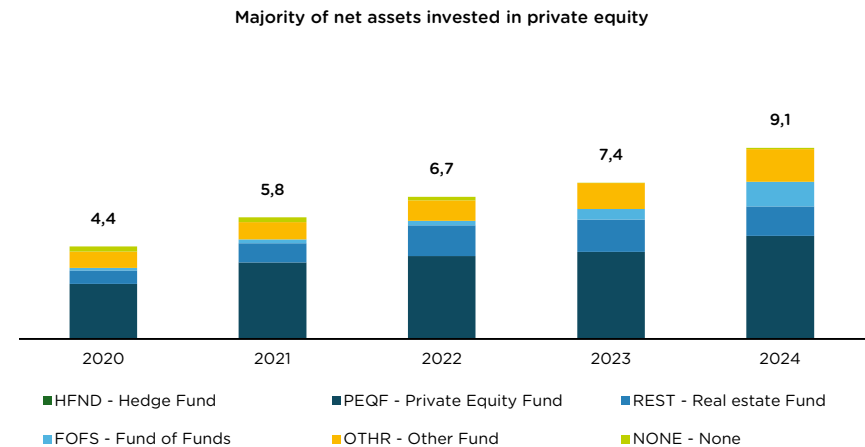
By contrast, the proportion of private equity funds and real estate funds has been increasing among AIFs managed by authorised AIFMs. At the end of 2024, private equity funds accounted for 8 per cent of net assets (EUR 3 billion), while real estate funds accounted for 4 per cent (EUR 1.5 billion). This represents a significant increase compared to their relative weight at the end of 2020 (see chart 11). This increase is attributable partly to sub-threshold AIFMs that were already active in these sectors and that have applied for an authorisation when their activities expanded and their assets under management grew or were expected to grow beyond the threshold (see below).

### c. Private equity continues to dominate sub-threshold AIFMs

While almost 70 per cent of net assets of AIFs managed by registered sub-threshold AIFMs consist of private equity and real estate funds (216 of the 308 AIFs), the relative weight of these fund types fell slightly during 2024. At the end of 2024, private equity funds represented 54 per cent of the net assets, compared to 56 per cent a year earlier. For real estate funds, they accounted for 15 per cent of net assets at the end of 2024, compared to 21 per cent a year earlier (see chart 12).

The number of funds of funds and ‘other funds’ is more limited in the case of sub-threshold AIFMs, although the proportion of funds of funds has increased somewhat, from 7 per cent at the end of 2023 to 13 per cent at the end of 2024. ‘Other funds’ accounted for 17 per cent at the end of 2024.

**Chart 12:** Total net assets (TNA) of AIFs managed by Belgian sub-threshold AIFMs registered by the FSMA by AIF type (as at 31 December, in EUR bn)



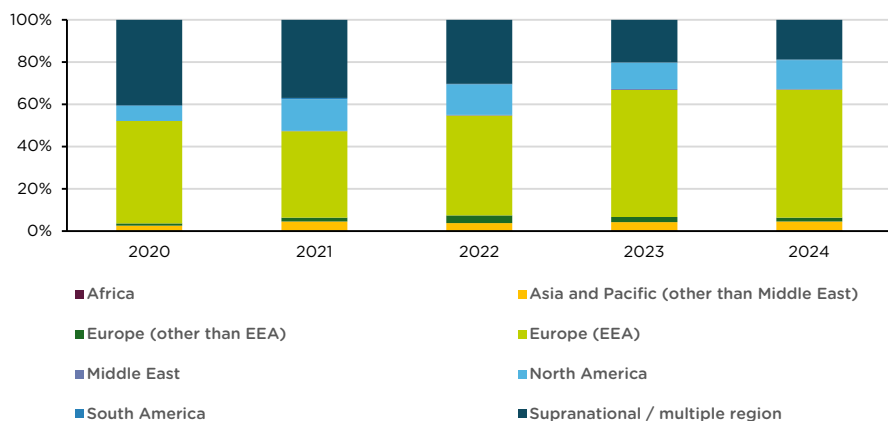
### d. Majority of assets invested within Europe

The majority of the net assets of AIFs is invested in the European Economic Area (EEA).

In the case of AIFs managed by authorised AIFMs, EEA investments represent 61 per cent of net assets. For sub-threshold AIFMs, this percentage is 74 per cent of net assets, a modest decrease compared to a year earlier (see charts 13 and 14). This more local focus of their investments reflects the nature of the strategies pursued by AIFs managed by sub-threshold AIFMs (see above).

**Chart 13:** Total net assets (TNA) of AIFs managed by Belgian AIFMs authorised by the FSMA by region of investment (as at 31 December, in %)

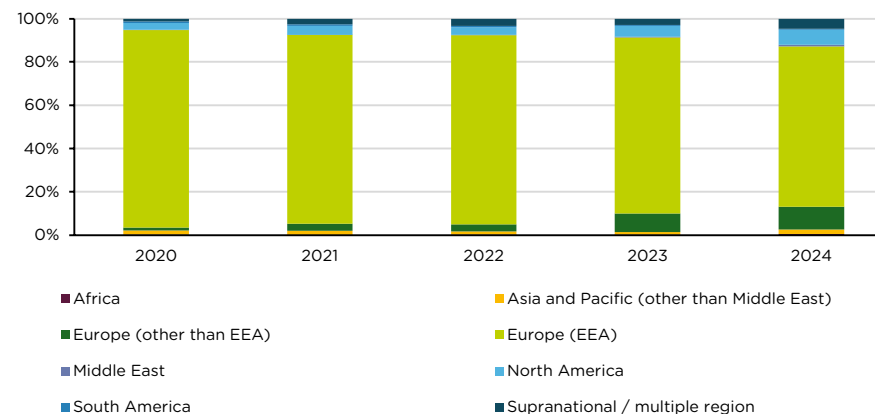
Majority of net assets invested in the EEA or supranational/multiple regions



For AIFs managed by authorised AIFMs, a significant portion is invested in North America (14 per cent at the end of 2024) and supranationally or across multiple regions (19 per cent at the end of 2024).

**Chart 14:** Total net assets (TNA) of AIFs managed by Belgian AIFMs registered by the FSMA by region of investment (as at 31 December, in %)

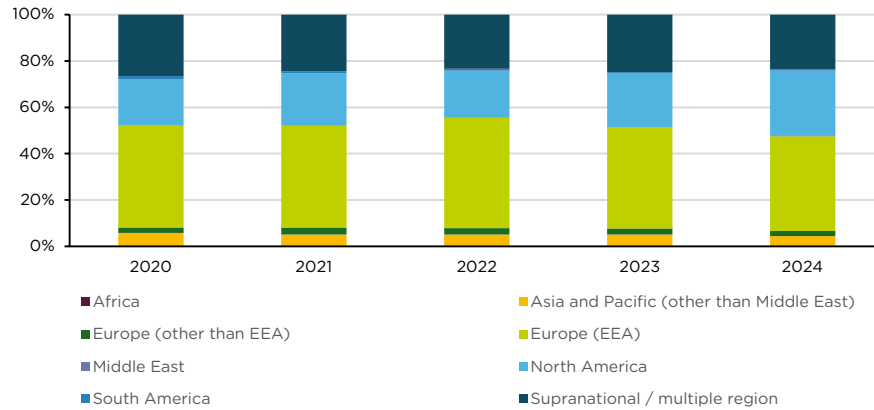
Almost entirely invested in the EEA



The geographic distribution for AIFs managed by authorised AIFMs is comparable to that of Belgian UCITS (see chart 15). A notable difference is that North America has a greater share of investments in UCITS portfolios. At the end of 2024, 28 per cent of net assets were invested in North America. This is up by 5 percentage points compared to a year earlier. The proportion of investments in the EEA is correspondingly smaller and has decreased slightly during 2024 (41 per cent at the end of 2024).

**Chart 15:** Total net assets (TNA) of Belgian UCITS authorised by the FSMA by region of investment (as at 31 December, in %)

Importance of North America continues to increase



For AIFs managed by sub-threshold AIFMs, investments in North America and in supranational entities or across multiple regions are more limited (7 and 5 per cent, respectively). Eleven per cent of net assets are invested in other countries within the geographical region of Europe but outside the EEA.

### e. Limited presence of retail investors

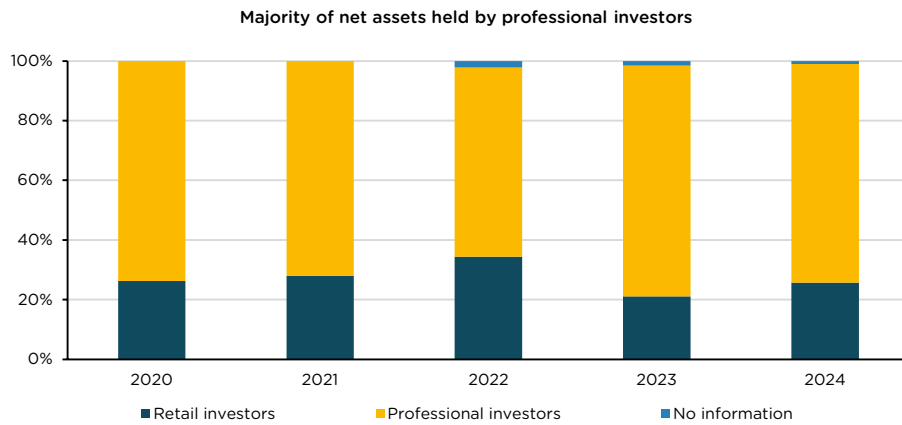
Overall, AIFs are mainly held by professional investors. Some AIFs, however, are held by retail investors as well. Certain AIFs are even reported to be held exclusively by retail investors. As regards authorised AIFMs, 71 per cent of net assets are held by professional investors. For sub-threshold AIFMs, this is 73 per cent of net assets (see charts 16 and 17). Although this breakdown tends to fluctuate over time, the significantly greater presence of professional investors in this sector is consistent.

**Chart 16:** Total net assets (TNA) of AIFs managed by Belgian AIFMs authorised by the FSMA by retail and professional investor participation (as at 31 December, in %)

Majority of net assets held by professional investors



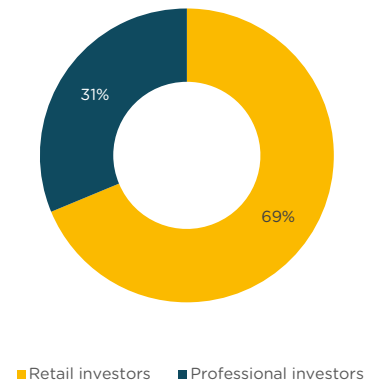
**Chart 17:** Total net assets (TNA) of AIFs managed by Belgian AIFMs registered by the FSMA by retail and professional investor participation (as at 31 December, in %)



The share of retail investors is higher in Belgian UCITS than in AIFs. At the end of 2024, 69 per cent of UCITS were held by retail investors (see chart 18). Statistics from the National Bank of Belgium show that at least 55 per cent of the units of Belgian investment funds are held by retail investors<sup>15</sup>.

**Chart 18:** Total net assets (TNA) of Belgian UCITS authorised by the FSMA by retail and professional investor participation (as at 31 December 2024, in %)

**Majority of net assets held by retail investors**



<sup>15</sup> As of the first quarter of 2025, see <https://www.nbb.be/doc/dq/e/dq3/histo/oef25i.pdf>.

## D. Foreign investment funds publicly offered in Belgium

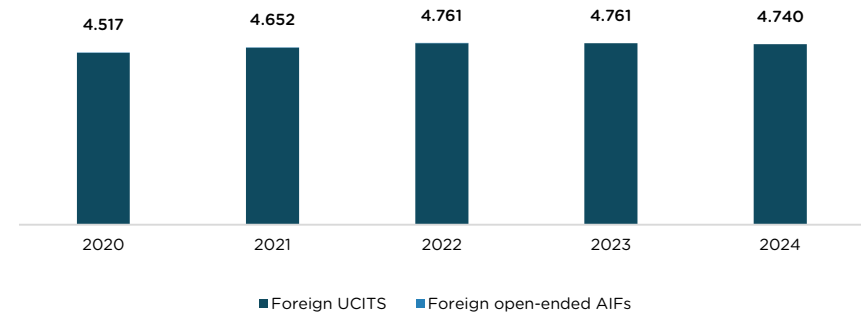
### a. All publicly offered foreign investment funds are UCITS

All 4,740 sub-funds of foreign investment funds that may be publicly offered in Belgium at the end of 2024 are UCITS (see chart 19). This is nearly nine times the number of registered sub-funds of Belgian public investment funds. These foreign UCITS have a European passport, allowing them to be freely traded within the EEA as soon as the competent authority of another member state has received a notification from the UCITS' home member state.

For AIFs, there is no comparable passporting regime for retail investors. Managers of foreign AIFs that want to offer those AIFs publicly in Belgium must generally first apply for an authorisation of these AIFs by the FSMA. Since 2023, there are no longer any foreign public AIFs that are authorised by the FSMA.

Chart 19: Number of foreign public investment funds notified to or authorised by the FSMA (as at 31 December, at sub-fund level)

Foreign investment funds publicly offered in Belgium currently only UCITS



## b. Investments by Belgian retail investors in ETFs<sup>16</sup>

Some of the foreign UCITS (sub-funds) distributed in Belgium are exchange-traded funds (ETFs). ETFs are increasingly becoming popular among Belgian retail investors. Since January 2025, the FSMA has been publishing a quarterly Retail Investor Dashboard<sup>17</sup> that contains key figures on equity trading, ETF trading and bond trading by Belgian retail investors at entities under FSMA supervision. Data up to and including the fourth quarter of 2024 are included in the second edition of the dashboard.

In the first half of 2024, the number of ETF investors increased significantly: around 60,000 Belgian investors traded ETFs, a number almost double that of the second quarter of 2023. In the third quarter of 2024, the number of ETF investors remained stable. The final quarter of 2024 saw an uptick in investor activity to 76,000 Belgian investors.

Since the beginning of 2024, approximately 50 per cent more ETF transactions have been carried out each quarter compared to the end of 2023. The median transaction value of an order is about 1,100 - 1,300 euros for a typical ETF transaction. The average ETF investor is in his or her forties. Over time, the age gap between stock and ETF investors in particular has increased, due mostly to a sharp decline in the average age of ETF investors.

In 2024, 36 per cent of investors that traded for the first time traded ETFs. Compared to 2020 this percentage suggests a more than fourfold increase in the share of ETFs in a first-time transaction. In other words, ETFs are increasingly a gateway to the capital markets for novice investors.

<sup>16</sup> Available on the website of the FSMA ([https://www.fsma.be/sites/default/files/media/files/2025-07/2025\\_q1\\_retail\\_investor\\_dashboard.pdf](https://www.fsma.be/sites/default/files/media/files/2025-07/2025_q1_retail_investor_dashboard.pdf)).

<sup>17</sup> <https://www.fsma.be/en/retail-investors> > Dashboards.

## E. Belgian asset management companies

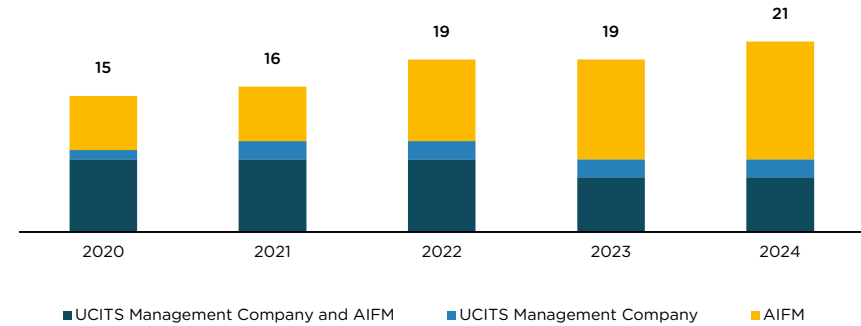
### a. Growing number of alternative investment fund managers

Management companies are companies whose regular business consists of the management of investment funds. Belgian management companies must obtain an authorisation from the FSMA before they may carry out their activities in Belgium. They may be authorised as a UCITS management company, alternative investment fund manager (AIFM) or both.

At the end of 2024, there were 8 Belgian UCITS management companies authorised by the FSMA. This is the same number of companies as at the end of 2023 (see chart 20).

**Chart 20:** Number of Belgian asset management companies authorised by the FSMA by regulatory regime (as at 31 December)

Majority of asset management companies authorised as AIFM



6 of these companies were also authorised as AIFM<sup>18</sup>. Additionally, there were 13 other AIFMs authorised by the FSMA at the end of 2024<sup>19</sup>. With one exception<sup>20</sup>, these companies are only authorised to manage non-public AIFs. This represents an increase of 2 companies compared to the previous year, bringing the total number of Belgian authorised management companies to 21<sup>21,22,23</sup>.

<sup>18</sup> As at 31 December 2024, Aphillion IM, Belfius Asset Management, Capfi Delen Asset Management, Degroof Petercam Asset Management, Goldman Sachs Asset Management Belgium and KBC Asset Management were authorised as UCITS management companies and AIFMs. Arvestar Asset Management and Leleux Fund Management & Partners were authorised as UCITS management companies.

<sup>19</sup> As at 31 December 2024, Capricorn Partners, Fortino Capital Partners, Hummingbird Ventures Management, Incofin Investment Management, Inpulse Investment Manager, LVO Investment Partners, Mitiska Real Estate Investment Management, PMV Fund Management, QUAESTOR, Vermogensbeheer, Vendis Capital Management, Wanaka Fund Management, Whitewood AIFM and WIN Asset Management were authorised as AIFMs.

<sup>20</sup> Capricorn Partners.

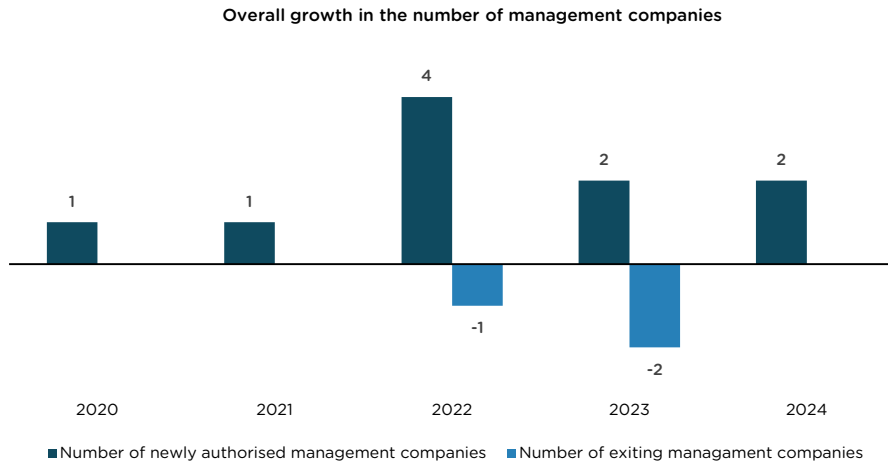
<sup>21</sup> The Belgian management companies that were newly authorised during 2024 were PMV Fund Management and Whitewood AIFM.

<sup>22</sup> On 31 December 2024 a Belgian management company, Goldman Sachs Asset Management Belgium, renounced its authorisation. As a result, as of 1 January 2025, the number of authorised Belgian management companies decreased to 20 companies.

<sup>23</sup> For the most recent data and identification of authorised management companies, please refer to the list published on the website of the FSMA (<https://www.fsma.be/en/management-companies-undertakings-collective-investments-transferable-securities-and-alternative> > Choose NL (*Lijsten > Beheervennootschappen van instellingen voor collectieve belegging met vergunning in België*) for UCITS management companies and *Beheerders van alternatieve instellingen voor collectieve belegging naar Belgisch recht* for AIFMs) or FR (*Listes > Sociétés de gestion d'organismes de placement collectif agréées en Belgique* *België* for UCITS management companies and *Gestionnaires d'organismes de placement collectif alternatifs de droit belge* for AIFMs) or the FSMA data portal (<https://www.fsma.be/en/data-portal>).

These developments are in line with the longer-term trend, which shows a steady increase in the number of authorised AIFMs, and in particular those that do not have an authorisation to manage UCITS as well. By comparison, at the end of 2020, there were only 6 management companies authorised to manage only AIFs. Many of the newly authorised AIFMs were initially active in the sector of the sub-threshold AIFMs registered by the FSMA (see below). As their activities expanded (or were expected to expand), they applied for authorisation as an AIFM.

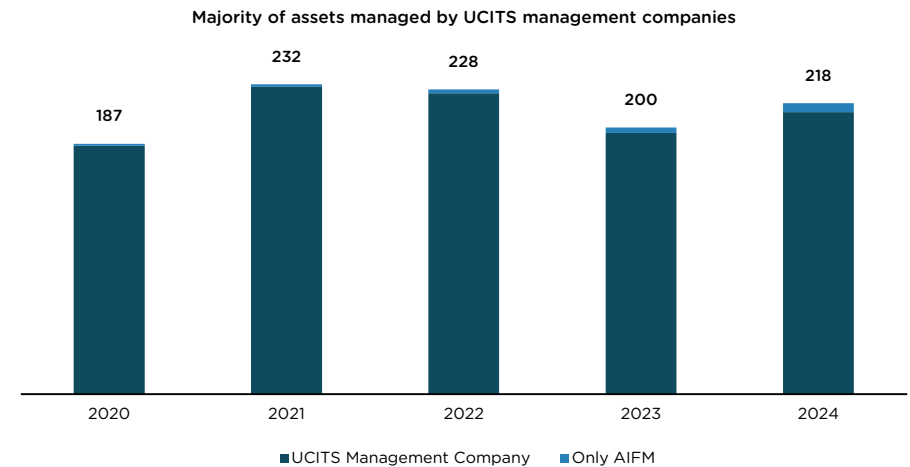
**Chart 21:** Number of new and exiting Belgian asset management companies authorised by the FSMA (as at 31 December)



## b. UCITS management companies manage the majority of assets

The size of the sector can be measured by its assets under management (AuM), which denotes the value of the portfolios of the investment funds for which the management companies have been designated. After two consecutive years of decrease, the AuM increased again during 2024 (see chart 22). This increase took place amid favourable market conditions.

**Chart 22:** Assets under management of Belgian asset management companies authorised by the FSMA (as at 31 December, in EUR bn)



The vast majority of assets are managed by companies that are authorised to manage UCITS<sup>24</sup>. The volume of assets managed by companies that are

24 Including both those companies that do not hold an authorisation as AIFM and those that do.

authorised only as an AIFM remains significantly smaller. At the end of 2024, the breakdown was EUR 211 billion (97 per cent) versus EUR 7 billion (3 per cent).

This difference reflects disparities in the respective activities of these types of management companies. UCITS are public investment funds, which can be marketed to a broad public, including both retail and professional clients. These funds typically include equity funds, bond funds, and mixed funds.

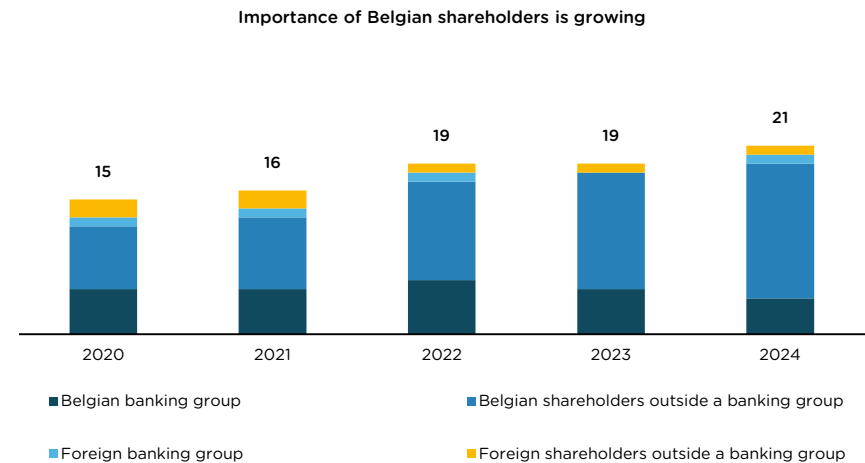
By contrast, most of the AIFMs are only authorised to manage non-public AIFs, which cannot be marketed to a broad public. These funds often follow more specialised investment strategies, such as strategies focused on private equity or real estate.

Despite their smaller scale compared to UCITS management companies, the AuM in this segment has been steadily increasing. Last year, assets under management increased by 66 per cent from the previous year, bringing the average growth rate over a four-year period to 47 per cent.

### c. Most Belgian asset management companies have a Belgian shareholder base

Almost all Belgian management companies have a shareholder base with a Belgian majority shareholder. For most management companies, the majority shareholder does not belong to a banking group (see chart 23).

**Chart 23:** Number of Belgian asset management companies authorised by the FSMA by majority shareholder type (as at 31 December)



The importance of Belgian shareholders has remained stable in recent years, while the role of banking groups in the shareholdership has declined. During 2024, the majority shareholder of one management company was incorporated into a foreign banking group. These developments are related to the changes within the sector as described above.

Nevertheless, the majority of assets are still managed by management companies belonging to a Belgian banking group.

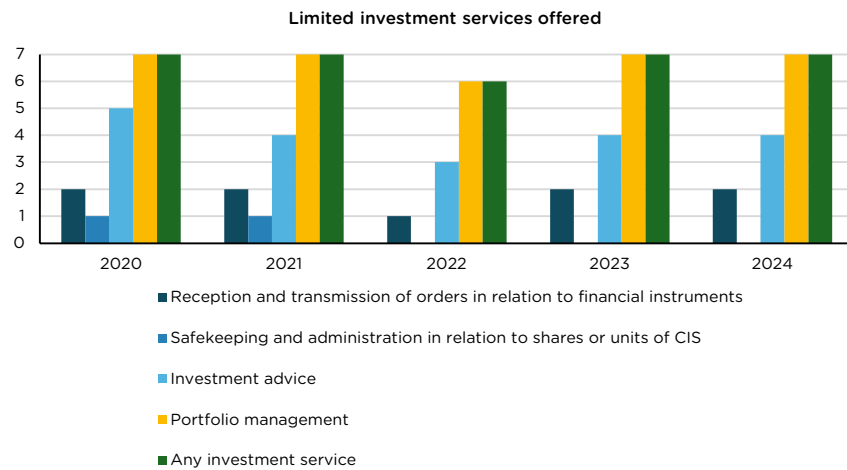
### d. Investment services offered by management companies

In addition to their core activities, management companies may also offer the investment services of discretionary portfolio management and investment advice. AIFMs may additionally provide safekeeping and administration in relation to shares or units of collective investment undertakings, and reception and transmission of orders in relation to financial instruments as non-core services.

In general, the number of management companies authorised to provide investment services is relatively limited. The provision of investment services has also remained stable since the previous year (see chart 24).

At the end of 2024, 7 management companies were authorised to provide investment services. All of them are authorised to provide discretionary portfolio management. 4 companies also have an authorisation to provide investment advice, while 2 AIFMs may also receive and transmit orders in relation to financial instruments. Since 2022, no AIFMs have been authorised to provide safekeeping and administration in relation to shares or units of collective investment undertakings.

**Chart 24:** Investment services authorised for Belgian asset management companies (as at 31 December)



## F. Sub-threshold alternative investment fund managers (AIFMs)

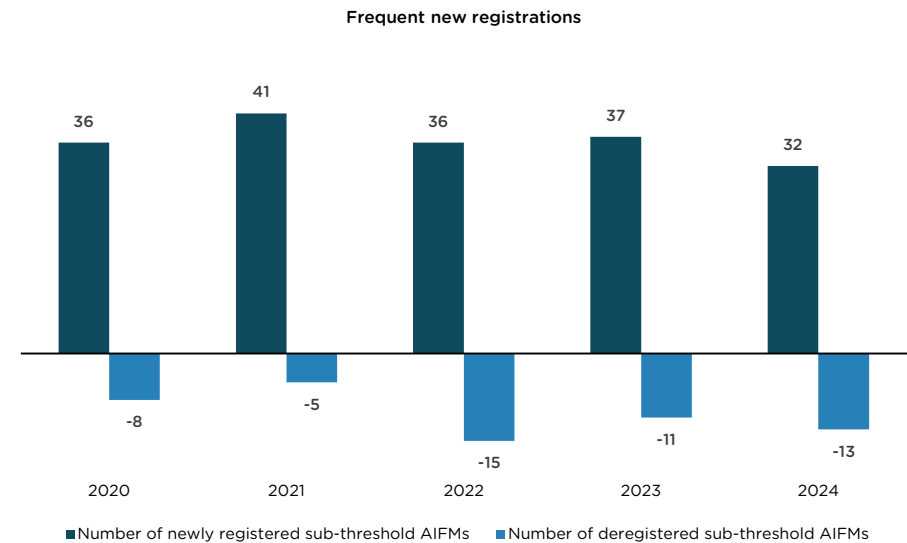
### a. Steady increase in the number of sub-threshold AIFMs

Sub-threshold AIFMs are AIFMs whose assets under management do not exceed a certain threshold<sup>25,26</sup>. For managers that manage only AIFs that are unleveraged and have no redemption rights exercisable during a period of 5 years following the date of initial investment in each AIF, this threshold is EUR 500 million. For other managers, the threshold is EUR 100 million.

If the assets of Belgian sub-threshold AIFMs remain below this threshold and provided the AIFs they manage are not offered publicly, they do not need to apply for an authorisation by the FSMA. Nevertheless, these managers are required to register with the FSMA. To do so, they must notify the FSMA, identify themselves and the AIFs they manage and provide certain items of information, and they must do so before they commence their activities. The managers must also provide the FSMA with the necessary information to keep their registration file up to date. In addition, the managers have an annual reporting obligation to the FSMA. Other provisions of the AIFMD<sup>27</sup> generally do not apply to them, but they must comply with anti-money laundering (AML) and counter-terrorism financing (CTF) rules.

In 2024, the FSMA processed 32 registrations and 13 deregistrations. This means that there was a net increase in the number of registered sub-threshold AIFMs by 19 managers over the previous year (see chart 25)<sup>28</sup>.

Chart 25: Number of Belgian sub-threshold AIFMs registered by the FSMA (as at 31 December)



25 Assets under management (AuM) are calculated on the basis of article 2 of Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision (Delegated Regulation 231/2013). This calculation method involves, among others, a specific approach to take into account the derivative transactions engaged in. As a result, the calculation method may differ from other, more common methods to calculate AuM.

26 To determine whether a manager exceeds the threshold, both the assets of the AIFs that the AIFMs manage directly and the assets that they manage indirectly, through a company with which they are linked by common management or common control, or through a substantial direct or indirect participation, are taken into account.

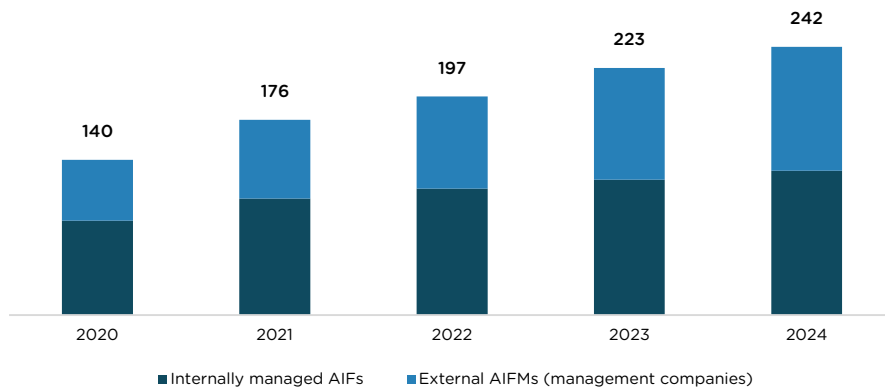
27 Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010

28 For the most recent data and identification of registered sub-threshold AIFMs, please refer to the list published on the website of the FSMA (<https://www.fsma.be/en/management-companies-undertakings-collective-investments-transferable-securities-and-alternative> > Choose NL (Lijsten > Beheerders van alternatieve instellingen voor collectieve belegging naar Belgisch recht) or FR (Listes > Gestionnaires d'organismes de placement collectif alternatifs de droit belge) or the FSMA data portal (<https://www.fsma.be/en/data-portal>).

In recent years, the number of deregistration requests from sub-threshold AIFMs has been higher than in the past. In most cases, this was due to termination of activities. Some managers also obtained an authorisation as an AIFM (see above). At the end of 2024, 242 sub-threshold AIFMs were registered with the FSMA. This means that the upward trend since the AIFM regime came into force has continued in 2024 (see chart 26).

**Chart 26:** Number of Belgian sub-threshold AIFMs registered by the FSMA by management type (as at 31 December)

**Majority internally managed AIFs**



### b. Growing importance of management companies

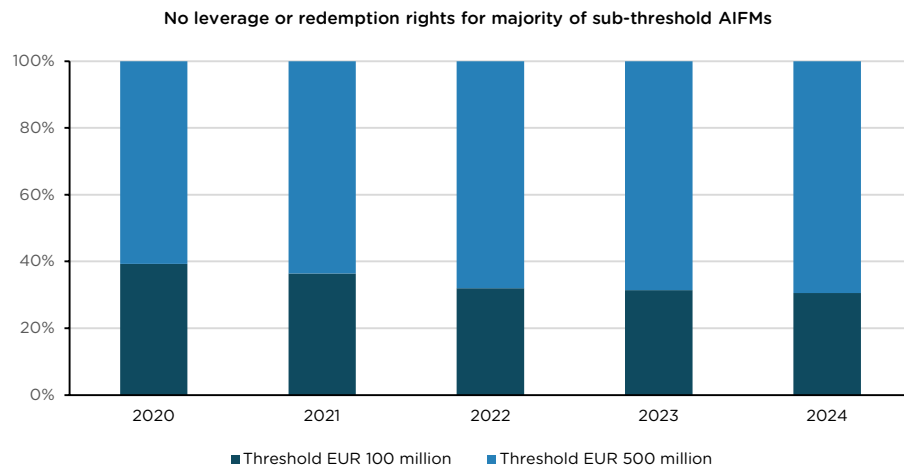
Sub-threshold AIFMs can be external managers of one or more AIFs or can be internally managed (or self-managed) AIFs. External managers are legal persons that are appointed by the AIF or on behalf of the AIF and which are responsible for managing the AIF. They are referred to as management companies. Sub-threshold AIFMs are internally managed AIFs whose governing body has opted not to appoint an external manager. In that case, the manager and the fund are the same entity.

More than half of the sub-threshold AIFMs are internally managed AIFs (see chart 26). The importance of these internally managed AIFs within the sector has slightly decreased in recent years in favour of sub-threshold management companies, which represented 46 per cent of all sub-threshold AIFMs by the end of 2024.

### c. Limited use of leverage and redemption rights

Of the 242 sub-threshold AIFMs registered on 31 December 2024, 74 are allowed to use leverage or to offer redemption rights to investors within 5 years after the initial investment (31 per cent of the managers, see chart 27). As a result, they are subject to the EUR 100 million threshold with respect to their assets under management.

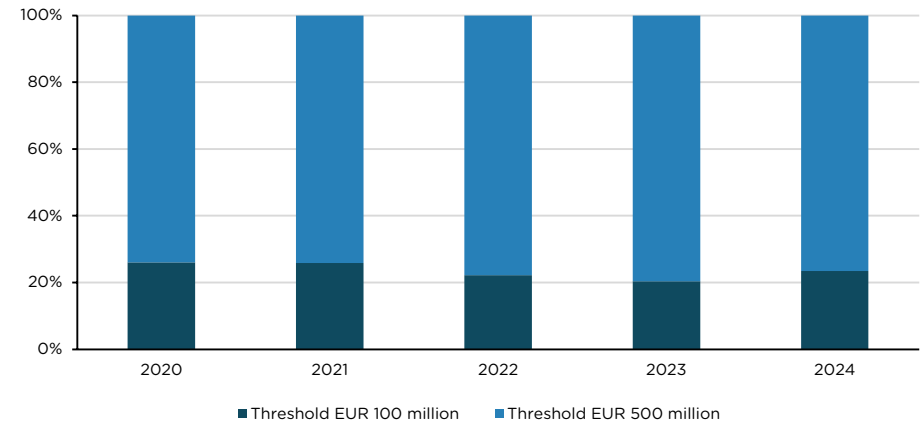
**Chart 27:** Distribution of the number of Belgian sub-threshold AIFMs registered by the FSMA by threshold (as at 31 December, in %)



The other sub-threshold AIFMs are subject to a EUR 500 million threshold. Those managers that do not use leverage and do not offer redemption rights within 5 years after the initial investment, manage the vast majority of assets under management (77 per cent, see chart 28).

**Chart 28:** Distribution of the assets under management (AuM) of Belgian sub-threshold AIFMs registered by the FSMA by threshold (as at 31 December, in %)

**Majority of assets acquired without leverage and not subject to redemption rights**



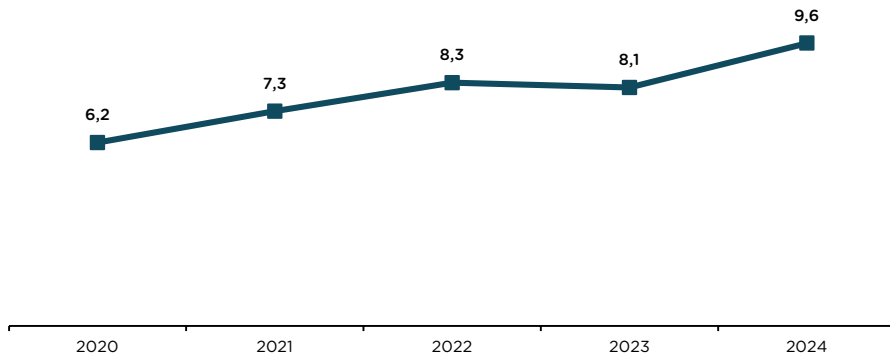
While the breakdown according to the applicable threshold has remained stable throughout 2024, the share of managers subject to the EUR 100 million threshold has seen a downward trend in recent years.

### d. Resumption of growth in the assets under management (AuM)

Sub-threshold AIFMs reported EUR 9.6 billion in assets under management (AuM) as at 31 December 2024. This represents an increase from the amount of assets under management at the end of 2023, which was the first year to witness a - be it very slight - decline in AuM (see charts 29 and 30).

**Chart 29:** Assets under management (AuM) of Belgian sub-threshold AIFMs registered by the FSMA (as at 31 December, in EUR bn)

**Growth in the AuM of sub-threshold AIFMs**



**Chart 30:** Annual growth rates of Belgian sub-threshold AIFMs registered by the FSMA (as at 31 December, in %)

**AuM growth resumed**



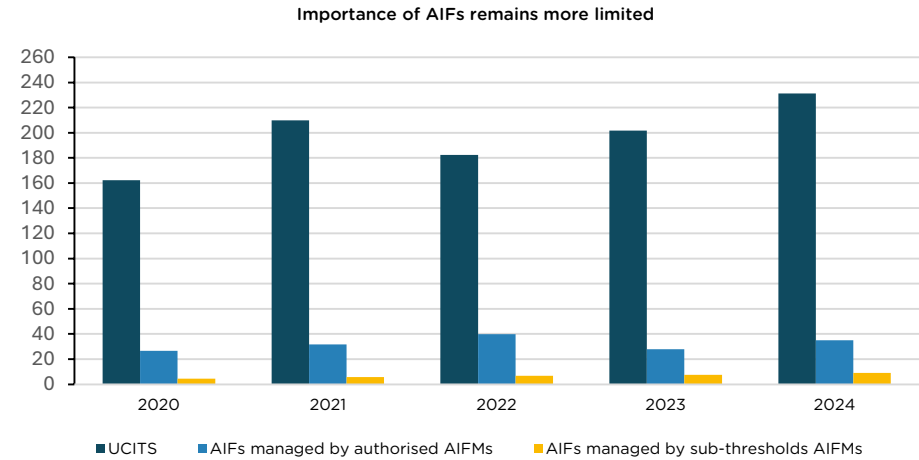
### e. Scale of the sub-threshold AIFM sector remains limited

The size of the sub-threshold AIFM sector, based on the net assets of the investment funds, can be compared with the other sectors. The total net assets of the AIFs managed by sub-threshold AIFMs are slightly lower than the total value of their assets under management, while the trend of both over time is similar. In 2024, total net assets amounted to EUR 9.1 billion compared to EUR 9.6 billion in AuM (see also charts 12 and 29 above).

The total net assets of AIFs managed by sub-threshold AIFMs are much lower than the total net assets of AIFs managed by authorised AIFMs. At the end of 2024, the latter amounted to EUR 35 billion, nearly four times that managed by the sub-threshold sector (see chart 11).

Within Belgian public investment funds, the share of public AIFs has steadily declined in recent years (see above). Belgian public investment funds therefore consist mainly of UCITS (see charts 1, 2, and 5 above). This observation is further confirmed when looking at the net assets of the broader asset management sector: net assets of the AIFs managed by authorised AIFMs and by sub-threshold AIFMs together amount to EUR 44 billion. The UCITS sector, on the other hand, accounts for EUR 231 billion in net assets, that is, more than five times as much (see chart 31).

**Chart 31:** Net assets of Belgian UCITS and AIFs managed by Belgian AIFMs authorised or registered by the FSMA (as at 31 December, in EUR bn)



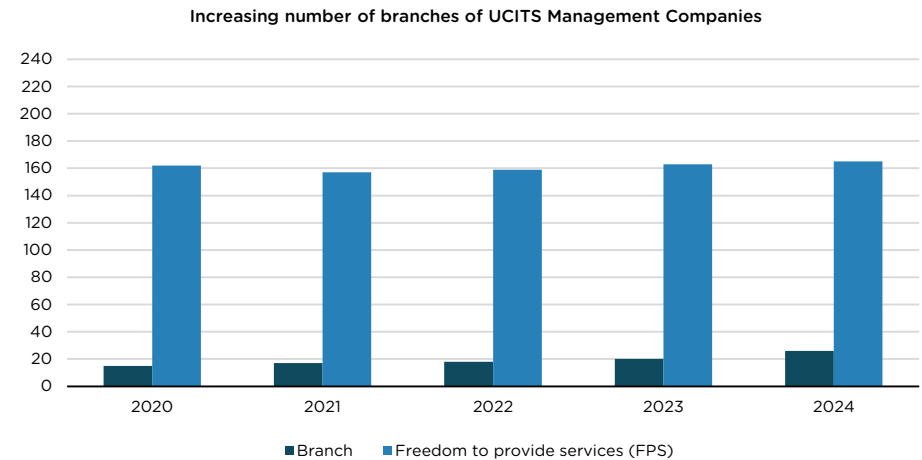
## G. Foreign managers active in Belgium

### a. Number of branches of foreign UCITS management companies growing

UCITS management companies from other EEA member states may pursue their activities in Belgium under the freedom to provide services or by establishing a branch.

UCITS management companies from other member states that are authorised in their home member state to conduct activities of collective portfolio management of UCITS or provision of investment services and that wish to pursue these activities in Belgium through the establishment of a branch must be registered by the FSMA. At the end of 2024, 26 branches of UCITS management companies were registered in Belgium, six more than a year earlier. From 2020 to 2024, the number of registered branches in Belgium increased from 15 to 26 (see chart 32). This increase is partly due to the conversion of some Belgian UCITS management companies into branches of management companies from other member states.

**Chart 32:** Number of foreign UCITS Management Companies registered or notified in Belgium (as at 31 December)



UCITS management companies from other member states may also carry out collective management activities or provide investment services in Belgium under the free provision of services regime. If they wish to do so, they may commence activities once the competent authority of their home member state has notified the FSMA accordingly. At the end of 2024, the FSMA had received such notifications for 163 foreign UCITS management companies. The number of UCITS management companies active via free provision of services has remained relatively stable in recent years (see chart 32).

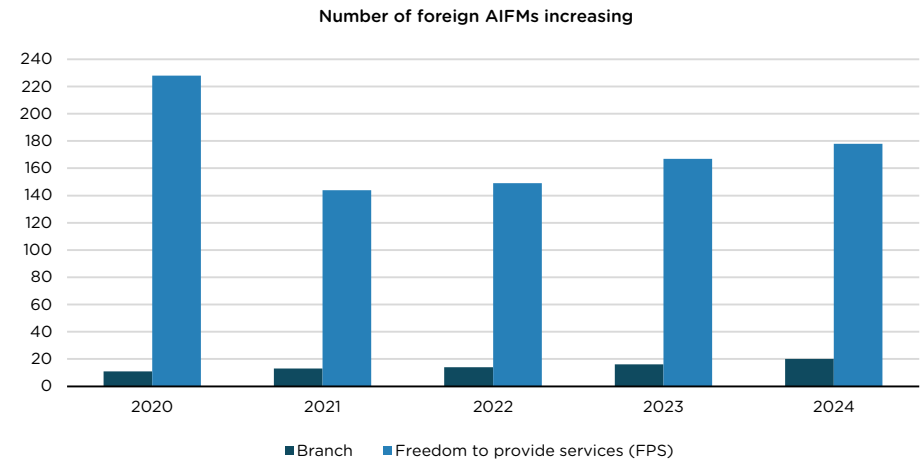
### b. Number of foreign AIFMs continues to increase

AIFMs authorised in another EEA member state may also pursue their activities in Belgium under the freedom to provide services or by establishing a branch.

At the end of 2024, 20 branches of AIFMs authorised in another member state were registered in Belgium. As is the case with branches of UCITS management companies, the number of registered branches of AIFMs in Belgium is also increasing. There is thus some overlap with Belgian branches of UCITS management companies.

As at 31 December 2024, the FSMA had also received notifications from 178 AIF managers authorised in another member state indicating their intention to perform activities or provide investment services in Belgium via free provision of services, a net increase of 11 managers compared to the previous year (see chart 33). The number of foreign managers active via free provision of services has been rising again over the last two years. In 2021, there was a substantial decrease in managers active via free provision of services following the United Kingdom's withdrawal from the European Union.

**Chart 33:** Number of foreign AIFMs registered or notified in Belgium (as at 31 December)



Foreign AIF managers can also be active in Belgium by marketing units of AIFs. These may be AIF managers authorised in another EEA member state who wish to trade units of AIFs in Belgium. AIF managers from third countries can also market units of AIFs in Belgium, but only to professional investors. The FSMA regularly handles notifications related to such trading activities.

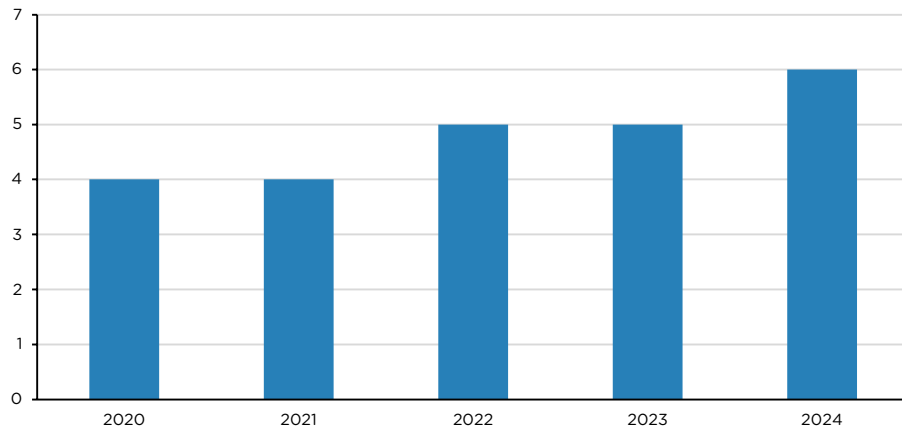
### c. Limited number of foreign sub-threshold AIFMs

Sub-threshold AIF managers from other EEA member states without an authorisation (see above) are also allowed to perform their activities in Belgium. They can do so directly or through a branch, provided they submit the required notifications to the FSMA.

The number of sub-threshold AIFMs active in Belgium is very small. At the end of 2024, six sub-threshold AIFMs from other EEA member states were directly active in Belgium (see chart 34).

**Chart 34:** Number of foreign sub-threshold AIFMs notified in Belgium (as at 31 December)

**Limited number of foreign sub-threshold AIFMs active in Belgium**



## H. Portfolio management and investment advice companies

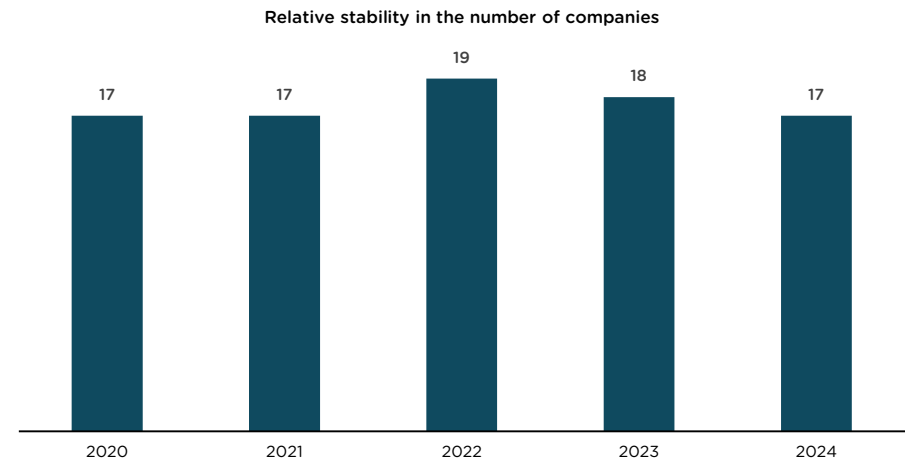
### a. Decrease in the number of portfolio management and investment advice companies

Portfolio management and investment advice companies (also referred to as PMIA companies in this text, *société de gestion de portefeuille et de conseil en investissement* in French or *vennootschap voor vermogensbeheer en beleggingsadvies* in Dutch) are investment firms. This means that their regular occupation or business is the provision of one or more investment services to third parties and/or the performance of one or more investment activities on a professional basis.

Belgian investment firms must obtain an authorisation either as a PMIA company or as a stockbroking firm before starting their activities. The authorisation as PMIA company is granted by the FSMA; the authorisation as a stockbroking firm is granted by the National Bank of Belgium (NBB).

At the end of 2024, 17 Belgian PMIA companies were authorised by the FSMA<sup>29</sup>. This was a decrease of one company from the previous year (see chart 35). The reason for this is that one company renounced its authorisation as a PMIA company on 31 December 2023<sup>30,31,32</sup>.

**Chart 35:** Number of Belgian portfolio management and investment advice companies authorised by the FSMA (as at 31 December)



Over the course of the last four years, four companies have decided to renounce their authorisation as a PMIA company after three other companies were granted an authorisation during 2022 (see chart 36 and footnote 21).

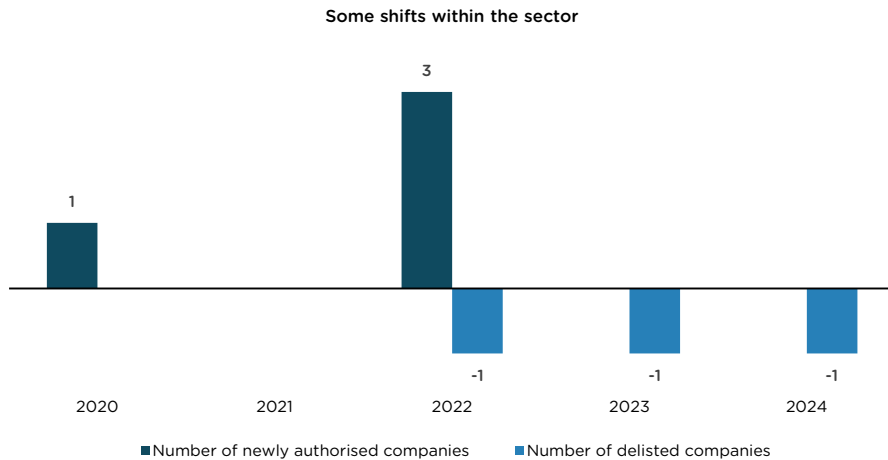
<sup>29</sup> As at 31 December 2024, Accuro, AXA IM Select Belgium, DDEL Portfolio Solution, de Pury Pictet Turretini (Belgique), Delcap, Easyvest, Econopolis Wealth Management, Everest Capital Partners-Multi Assets & Advisory, Fide Capital, FinFactor, Karakter Invest, Quantessence Financial, Selectum Vermogensbeheer, Sercam, Truncus Wealth, Value Square and Wealthon were authorised as PMIA companies.

<sup>30</sup> The PMIA company that renounced its authorisation on 31 December 2023 was Mercier Vanderlinden Asset Management.

<sup>31</sup> On 31 December 2024 a PMIA company, Accuro, renounced its authorisation. As a result, as of 1 January 2025, the number of authorised PMIA companies decreased to 16 companies.

<sup>32</sup> For the most recent data and identification of authorised PMIA companies, please refer to the list published on the website of the FSMA (<https://www.fsma.be/en/portfolio-management-and-investment-advice-company> > Choose NL (*Lijsten > Vennootschappen voor vermogensbeheer en beleggingsadvies naar Belgisch recht*) or FR (*Listes > Société de gestion de portefeuille et de conseil en investissement de droit belge*)) or the FSMA data portal (<https://www.fsma.be/en/data-portal>).

**Chart 36:** Number of Belgian portfolio management and investment advice companies authorised by the FSMA (as at 31 December)

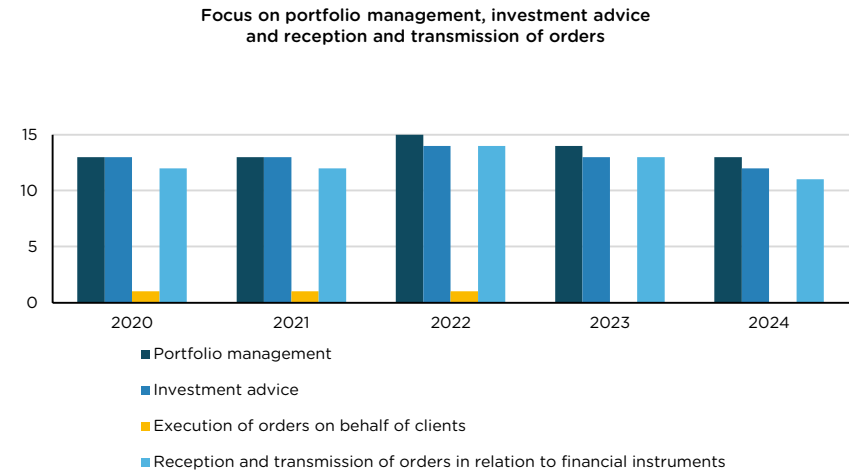


### b. PMIA companies focus on portfolio management, investment advice, and the reception and transmission of orders

The investment services that PMIA companies are permitted to offer include portfolio management, investment advice, reception and transmission of orders in relation to financial instruments, execution of orders on behalf of clients, or a combination of these services.

Almost all PMIA companies are authorised to offer portfolio management or investment advice, or a combination of both (see chart 37).

**Chart 37:** Investment services authorised for Belgian portfolio management and investment advice companies (as at 31 December)

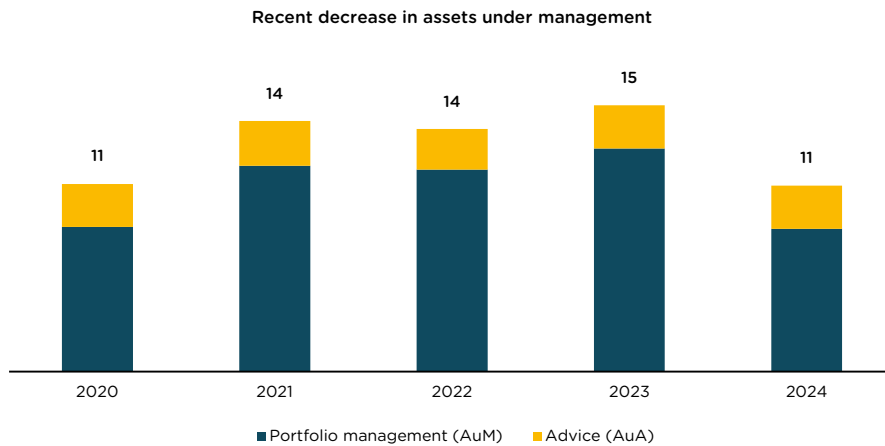


Additionally, most of these companies are also authorised to receive and transmit orders for one or more financial instruments. As of 2023, there are no PMIA companies with an authorisation to execute orders on behalf of clients.

### c. Decrease in assets under portfolio management

The slight decline in the number of companies has been accompanied by a decrease in the assets under portfolio management of these actors, while assets under advice increased modestly (see chart 38). This overall decline occurred in an environment where financial markets performed relatively well.

**Chart 38:** Assets under management and advice of Belgian portfolio management and investment advice companies authorised by the FSMA (as at 31 December, in EUR bn)



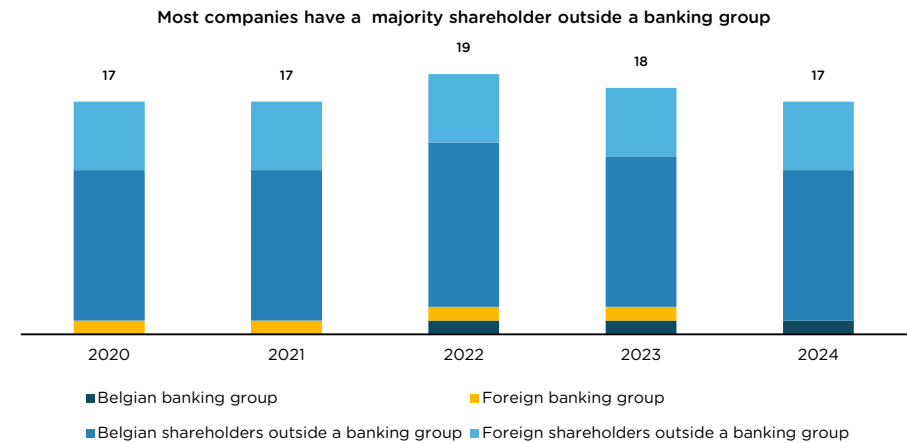
The total assets under portfolio management are larger than the total assets under advice. At the end of 2024, total assets under advice amounted to approximately EUR 2.5 billion, while total assets under management amounted to EUR 8 billion.

The majority of the assets under portfolio management are managed through collective investment products. Total assets under advice are mostly held by retail clients.

### d. Most PMIA companies operate outside a banking group

The FSMA supervises the suitability of shareholders of PMIA companies. A large majority of these companies have a Belgian majority shareholder. The majority shareholder is usually not part of a banking group (see chart 39).

**Chart 39:** Number of Belgian portfolio management and investment advice companies authorised by the FSMA by majority shareholder type (as at 31 December)



## e. Cross-border activities

As in previous years, the FSMA launched a survey in early 2025 to get an updated view of the cross-border provision of MiFID investment services by the PMIA companies. This is part of the annual 'Data Collection Exercise on the cross-border provision of investment services to retail clients in the EU/EEA' coordinated by ESMA in cooperation with the various relevant European supervisors.

For each of the 16 authorised PMIA companies, the FSMA looked at the number of clients to whom those companies offer cross-border investment services, how many of these clients qualify as retail clients<sup>33</sup>, and in which countries<sup>34</sup> they offer investment services to these clients. This enabled the FSMA to take account of the nature, size and geographical spread of the specific investment services offered by the PMIA companies.

Like in previous years, results of this most recent survey show that the provision of cross-border investment services is relatively limited in this sector. This type of activity is mainly ancillary in nature and thus does not constitute a substantial part of the activities of Belgian PMIA companies. Only one company has a larger number of clients abroad, which can be explained by the fact that it has a foreign branch. No company has more than 70 foreign-based clients under the free provision of services without a physical branch. The average number of cross-border clients per company is about 21.

Unsurprisingly, the top five countries to which PMIA companies provide cross-border services (through the free provision of services) are mainly Belgium's neighbouring countries: France (27% of foreign retail clients), the Netherlands (18%), Spain (9%), Luxembourg (8%) and Germany (4.5%).

<sup>33</sup> The number of clients treated as professional clients at their request was also assessed.

<sup>34</sup> Both EU/EEA member states and any third countries.

# I. Foreign investment firms active in Belgium

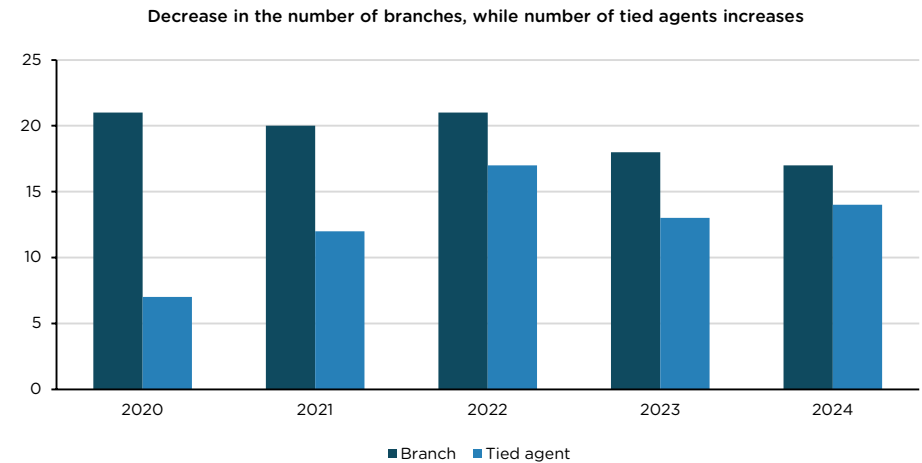
## a. Number of foreign investment firms active via tied agents increasing

Investment firms from other EEA member states can be active in Belgium through branches, tied agents, or under the free provision of services.

Investment firms from other member states that are authorised in their home member state to provide investment services or carry out investment activities, and possibly ancillary services, and that wish to carry out these services or activities in Belgium via the establishment of a branch or by using tied agents established in Belgium, must be registered by the FSMA.

At the end of 2024, there were 17 branches of investment firms from other member states registered in Belgium. Additionally, 14 investment firms from other member states were authorised to provide investment services or perform investment activities in Belgium through one or more tied agents (see chart 40). Depending on the services and activities performed, they are registered either by the FSMA or by the NBB.

**Chart 40:** Number of foreign investment firms registered in Belgium via branch or tied agent (as at 31 December)



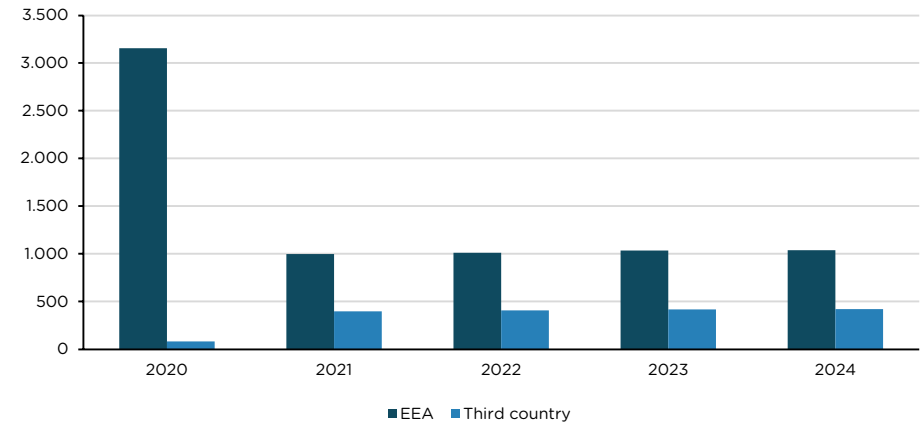
## b. Gradual increase in the number of foreign investment firms active under the free provision of services

The FSMA received notifications from 1,040 investment firms originating from other EEA member states indicating their intention to perform activities in Belgium under the free provision of services. This number has been increasing slightly in recent years (see chart 41).

Investment firms from third countries must obtain an authorisation in Belgium before they may offer investment services or perform investment activities via a branch. If they provide investment services or conduct investment activities in their home country, they may also offer or perform these services or activities in Belgium without being established here, provided they submit a prior notification to the FSMA. They may offer these services or perform these activities for eligible counterparties, professional clients, and persons established in Belgium who have the nationality of the home country of the investment firm or of a country where the firm has a branch, provided that the investment firm is subject to equivalent supervision regarding the investment services or activities offered or performed in Belgium as Belgian investment firms.

**Chart 41:** Number of foreign investment firms directly active in Belgium (as at 31 December)

Number of foreign investment firms directly active in Belgium increases gradually



By the end of 2024, the FSMA had received such notifications from 422 investment firms from third countries (see chart 39). No branches of investment firms from third countries were authorised.

The number of investment firms from third countries increased substantially in 2021. Since then, this number has continued to grow but at a slower pace. The substantial increase in 2021 was partly due to the United Kingdom’s withdrawal from the European Union. At the same time, the number of investment firms from other EEA member states active in Belgium under the free provision of services decreased significantly at the beginning of 2021. Until the end of 2020, investment firms from the United Kingdom represented the vast majority of investment firms from other member states active in Belgium.

## II. RECENT DEVELOPMENTS IN THE SUPERVISION OF ASSET MANAGEMENT

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B.	Opinions and expectations of the FSMA.....	46

## A. Regulatory developments

### a. Strategy for the transposition of the UCITSD/AIFMD review

Directive 2024/927<sup>35</sup> introduces various amendments to the AIFM Directive<sup>36</sup> and the UCITS Directive<sup>37</sup>. The new Directive must be transposed into Belgian law by 16 April 2026 at the latest. The transposition process, which intends to ensure a faithful transposition of the Directive, is already well underway, with contacts already having taken place with the sector. By way of reminder, a brief overview of the main topics covered by the Directive is given below:

- a) *Permitted activities of managers* (amendments to both the AIFM Directive and the UCITS Directive): Directive 2024/927 expands the permitted activities for AIFMs. It also provides for several optional additional activities for both AIFMs and UCITS management companies.
- b) *Conduct of business of managers* (amendments to both the AIFM Directive and the UCITS Directive): the Directive stipulates that the persons who effectively conduct the business of the manager (or of the self-managed UCI) must be carried out by at least two natural persons who are appointed on a full-time basis for this purpose. The European Commission has clarified that this is an absolute minimum and that no exceptions are possible.
- c) *Delegation* (amendments to both the AIFM Directive and the UCITS Directive): if managers make delegation arrangements, they must be able to justify to the competent authorities the delegation of their functions and provide objective reasons for such delegation. There must also be detailed reporting on the delegation structure itself.

<sup>35</sup> Directive (EU) 2024/927 of the European Parliament and of the Council of 13 March 2024 amending Directives 2011/61/EU and 2009/65/EC as regards delegation arrangements, liquidity risk management, supervisory reporting, the provision of depositary and custody services and loan origination by alternative investment funds.

- d) *Cross-border access to depositary services* (amendments to the AIFM Directive): AIFMs must ensure that a depositary is appointed for each AIF under their management. Since some concentrated markets do not offer a competitive supply of depositary services, Directive 2024/927 introduces the option for member states, under certain conditions, to allow the appointment of a depositary established in another member state.
- e) *Information and supervisory reporting requirements* (amendments to both the AIFM Directive and the UCITS Directive): the Directive includes an extensive set of rules on the information that managers must provide in their application for authorisation regarding the human and technical resources that will be employed to carry out their functions and, where applicable, to supervise their delegates. In addition, the Directive also recognises the importance of reducing duplicative reporting and related reporting burdens for managers and of ensuring efficient reuse of data by authorities.
- f) *Product rules and related requirements of disclosure to investors*
  - i. *Granting of loans* (amendments to the AIFM Directive): the Directive recognises the importance of investment funds granting loans as a source of alternative financing for the real economy. The rules for AIFMs that manage loan-originating AIFs are harmonised in order to improve risk management across the entire financial market and to increase transparency for investors.
  - ii. *Liquidity management tools or LMTs* (amendments to both the AIFM Directive and the UCITS Directive): open-ended investment funds, including both AIFs and UCITS, must be able to deal with redemption pressure under stressed market conditions. For each fund, at least two liquidity management tools from a harmonised

<sup>36</sup> 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.

<sup>37</sup> 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).

list must be available<sup>38</sup>. It is important to note that no transitional period is provided. This means that the sector must be ready by 16 April 2026 to immediately apply the new legal provisions in this regard.

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<sup>38</sup> For money market funds, at least one liquidity management tool must be selected from the list.

## B. Opinions and expectations of the FSMA

### a. Definition of investment services

At the end of 2024, the FSMA examined a specific question about classification with regard to the provision of investment services by an unregulated company.

The ordinary activities of this company involve the issuance of call options on shares, which are mainly offered to companies that subsequently make these options available to their senior managers in order to achieve tax optimization for their remuneration packages.

The holder of an option can choose to exercise the option during its term or at maturity. The exercise of the option will usually result in a cash settlement. The option holder may also choose to receive the shares underlying the option.

One of the questions that has arisen is whether the issuance and trading of such options constitutes the investment service ‘execution of orders on behalf of clients’. Article 2, 6° of the Law of 25 October 2016<sup>39</sup> defines this service as follows: ‘acting to conclude agreements to buy or sell one or more financial instruments on behalf of clients and includes the conclusion of agreements to sell financial instruments issued by an investment firm or a credit institution at the moment of their issuance’ (emphasis added).

At first glance, the concept of ‘investment firm’ in this definition does not appear to apply solely to companies that already qualify as ‘investment firms’ because they provide other investment services and/or activities, but also to other companies that provide investment services. A company can thus become an

investment firm by concluding agreements for the sale of financial instruments issued by the company itself at the time of their issuance, such as call options, provided that the offering of the investment services concerned constitutes the normal business of that company.

Thus, not every company that issues financial instruments and offers them to the public (or not) provides the investment service of ‘execution of orders on behalf of clients’. Only companies whose normal business is to issue and trade their own financial instruments are in scope, but companies seeking to finance their industrial and/or commercial activities through the issuance of their own instruments are not.

As the FSMA was of the opinion that the conditions of the definition were met, it decided that, also in the interest of investor protection, the company had to acquire a regulated status. Doing so would give the company a more solid financial basis, thereby reducing the counterparty risk for the investor. Moreover, the MiFID rules would then also apply, which further contributes to enhancing investor protection.

The company eventually chose a different path and appointed an intermediary who took over the trading of the options. As a result, not all elements of the definition were still met. The company did not apply for an authorisation and continues to pursue its activities - with the exception of the trading of options.

<sup>39</sup> The law of 25 October 2016 on access to the activity of investment service provider and on the legal status and supervision of portfolio management and investment advice companies (hereinafter referred to as the Law of 25 October 2016).

## b. AIF classification question

Any AIFM that is managing solely non-public AIFs and whose assets under management do not exceed the threshold of EUR 100 million<sup>40</sup> or EUR 500 million<sup>41</sup>, as the case may be, is only required to apply for registration with the FSMA as a sub-threshold AIFM under Belgian law and to report annually to the FSMA, including on the total value of the assets under management (see above)<sup>42</sup>.

If this manager exceeds the applicable threshold, it must apply for authorisation as an AIFM within thirty calendar days. The status of authorised AIFM is much more demanding than the status of a sub-threshold AIFM under Belgian law and involves strict requirements, particularly in terms of governance, internal control, own funds and authorised activities.

The FSMA was faced with the case of a self-managed AIF that was registered as a sub-threshold manager and that, although having exceeded the applicable threshold, was of the opinion that it was not required to submit an application for authorisation as an AIFM as it no longer met the definition of an AIF and therefore would no longer qualify as an AIFM either<sup>43</sup>. In this regard, this manager, active in the real estate sector, mainly argued that it now had a “general commercial or industrial purpose” within the meaning of the ESMA *Guidelines on key concepts of the AIFMD*<sup>44</sup>. The aforementioned Guidelines define the concept of a general industrial or commercial purpose as follows:

*“the purpose of pursuing a business strategy which includes characteristics such as running predominantly*

*i) a commercial activity, involving the purchase, sale, and/or exchange of goods or commodities and/or the supply of non-financial services, or*

*ii) an industrial activity, involving the production of goods or construction of properties, or*

*iii) a combination thereof.”*

In support of its reasoning, the manager chiefly invoked the fact that it was now implementing a highly operational management of its real estate portfolio, consisting of offering non-financial services to its tenants, and that it was focusing on its real estate development activities.

For its part, the FSMA considered that the company still met the definition of an AIF and therefore had to apply for authorisation as an AIFM:

- The activity of leasing properties held in the portfolio represented the company’s main activity in terms of assets;
- Like other AIFMs investing in real estate assets, the company performs activities related to the assets of the AIF within the meaning of Article 3, 41°, e) of the AIF Law, given that the provision of non-financial services related to the assets of AIFs falls within the definition of activities linked to the assets of the AIF because it is intrinsically linked to the assets of the AIF that are held in the portfolio with a view to generating a return for investors.

The company accepted the position of the FSMA and submitted an application for authorisation as a management company.

<sup>40</sup> In the event the AIFs under its management may use leverage or when those AIFs may grant investors redemption rights during a period of five years, as defined in Article 3, 58° of the AIF Law.

<sup>41</sup> In the event the AIFs are unleveraged and provided that no redemption rights are exercisable during a period of five years following the date of initial investment in each AIF.

<sup>42</sup> See Articles 106 and 107 of the AIF Law.

<sup>43</sup> See Article 3, 2° of the AIF Law.

<sup>44</sup> Guidelines on key concepts of the AIFMD, 13/08/2013 - ESMA/2013/611.

### c. Investment of own funds by managers of alternative investment funds

The European regulatory framework for AIFMs sets out the prudential requirements for those managers. One of the provisions relates to the types of assets in which AIFMs should invest their own funds, including any additional own funds, which are appropriate to cover potential liability risks arising from professional negligence. In particular, the regulatory framework provides for those own funds to be invested in liquid assets or assets readily convertible to cash in the short term and stipulates that those investments may not include speculative positions<sup>45</sup>.

The FSMA considers that this requirement should not necessarily apply to the entire amount of own funds, as to do so might discourage AIFMs from maintaining own funds in excess of the minimum levels required by the prudential framework. Applying this provision in such a manner would therefore be inconsistent with the objectives of the prudential framework.

The FSMA has also reviewed prudential supervisory practices in this area for a limited selection of other competent authorities. This review highlighted that, in certain other member states of the EEA, the application of the provision is limited to the minimum own funds that AIFMs are required to hold.

Accordingly, the FSMA considers that AIFMs can meet the requirements of the provision as long as they invest at least the minimum required level of own funds in liquid assets or assets readily convertible to cash in the short term and that are held in non-speculative positions.

As a good practice, the FSMA recommends maintaining an additional buffer of investments in liquid and non-speculative assets of at least 10%.

The FSMA has also examined which types of assets may be eligible for consideration as assets readily convertible to cash in the short term. The FSMA considers term investments with a maximum term of three months to be eligible.

<sup>45</sup> Article 9 (8) of the AIFMD, transposed into Belgian law by Article 22, § 6 of the Law of 19 April 2014.

# III. FEEDBACK FOLLOWING SUPERVISORY ACTIONS AND ANALYSES

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## A. ESG inspections: preliminary findings

In 2023 and 2024 the FSMA carried out on-site inspections at UCITS management companies and AIFMs managing publicly offered AIFs (hereafter jointly referred to as management companies). Those inspections focused on the integration of sustainability risks and on the way in which such companies ensure compliance with the ESG investment policy of funds that promote environmental and social characteristics within the meaning of Article 8 of SFDR or funds having a sustainable investment objective within the meaning of Article 9 of SFDR<sup>46</sup>. Those inspections were preceded by in-depth desk reviews of the companies' ESG policies and procedures.

Overall, the FSMA noted that the organisation of the management companies is adequate for integrating sustainability risks and ensuring compliance with the ESG investment policy of the funds under their management.

However, the following findings indicate that there is room for improvement:

- The **risk management function** must assess for all funds it manages the exposure to sustainability risks and compliance with the ESG dimensions of the investment policy<sup>47</sup>. However, the assessments carried out by the risk management function in this area do not always cover all funds managed by the management company, including the funds whose management is outsourced. Furthermore, these assessments are often insufficiently documented.
- The **compliance function** must ensure compliance with the legal and/or regulatory rules applicable to management companies<sup>48</sup>. Therefore, the

compliance function must ensure that ESG disclosures are accurate, fair, clear, not misleading, simple and concise. The verifications of ESG information carried out by the compliance function were, however, not always sufficiently documented.

- Audit plans established by **internal audit** do not systematically cover the integration of sustainability risks or compliance with the ESG dimensions of the investment policy of the funds managed by the management company.
- **ESG policies and procedures** do not always provide sufficient details on the role of all ESG actors and their interactions.
- The **information made available to investors** does not always accurately reflect the ESG investment policy pursued.

In 2025, on-site inspections on the same topic were carried out at management companies of non-public AIFs.

<sup>46</sup> Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector.

<sup>47</sup> Articles 39 and 40 of Delegated Regulation 231/2013 and article 24, § 1, of the Royal Decree of 12 November 2012.

<sup>48</sup> Articles 57, 60 and 61 of Delegated Regulation 231/2013; Articles 4, § 1, and 7, 2, 1<sup>o</sup>, of the Royal Decree of 12 November 2012; Articles 3, 8 (3) and 10 of the SFDR and Circular FSMA\_2013\_08 of 23 April 2013 on the compliance function (available in [Dutch](#) and [French](#) only).

## B. Closet indexing

Closed indexing refers to the practice of promoting an investment fund as being actively managed while in reality the fund remains close to a benchmark.

The FSMA regularly examines the public open-ended investment funds under its supervision to detect possible closet indexers. These analyses are carried out using an innovative methodology developed by its data analytics expertise centre. By extension, this methodology can also be used to detect funds which, without being closet indexers, use a benchmark for different purposes, for example to determine their investment universe, but do not communicate this information to investors despite being required to do so. Funds whose performance is relatively close to an index but that do not mention an index in their documentation are subjected to an in-depth supervision. The same goes for funds that mention a benchmark in their documentation but that do not sufficiently describe the limited degree of freedom that the manager has in relation to that index.

To date, no closet indexer has been identified. However, in some cases these analyses revealed a lack of transparency regarding the use of benchmarks. The documentation of the funds concerned has been adapted.

## C. Costs

As part of its mandate to protect and educate financial consumers, the FSMA launched a new online tool in June 2025 that allows for the calculation of the impact of an investment fund's costs on its expected return and the comparison thereof with other funds marketed in Belgium. This new tool completes the range of comparison and simulation tools made available to the public by the FSMA.

The tool complements the FSMA's study of the costs associated with investing in funds (most recently updated in August 2024). While the study focuses on the Belgian public funds that fall within the FSMA's scope of supervision, the comparison tool uses data for both Belgian and foreign funds that are offered to Belgian retail investors.

The FSMA encourages consumers to compare fund costs, as high costs entail a lower return for the investor which is not usually compensated for by a higher return provided by the manager.

## D. Cost and performance of pension savings funds

In September 2024, 1.8 million Belgians held units of a pension savings fund, i.e. 35% of the Belgian working population. The tax deductibility of the investment encourages the purchase of units of pension savings funds.

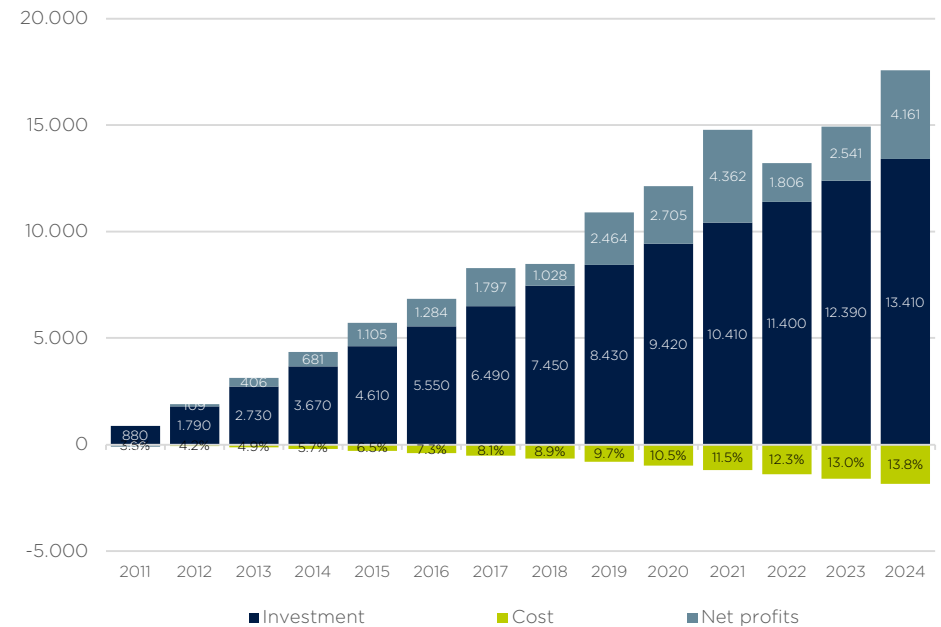
The FSMA therefore analysed the costs and performance of Belgian pension savings funds over the period 2010-2024. Entry costs vary between 0% and 3%. These have remained almost unchanged over time. Ongoing costs have also changed little over time. They have varied from 1.01% to 1.97% over the last 14 years, with most of them concentrated between 1.22% and 1.34%. When comparing the costs of pension savings funds with those of other Belgian public investment funds, in particular those of mixed funds, the nearest category in terms of portfolio composition and target audience, entry costs are on average comparable, while ongoing costs are lower for pension savings funds.

The average net annual returns were positive in 11 out of 14 years, although there is considerable variation over time and between different funds.

Consider the case of an investor who, over the last 14 years, invested the maximum amount that is eligible for the tax deductibility of 30%, i.e. €13,410, and who obtained the average return on pension savings funds over this period:

- The cumulative performance, net of costs, amounts to €4,161 (31%) and the internal rate of return (or 'IRR') amounts to 3.6%.
- The total costs incurred amount to €1,847, or 13.8% of the amount invested.

The chart below shows the evolution of the investment over the 14-year period.



Over the 14-year observation period (2011-2024), average returns are higher for funds with a “dynamic” investment profile (IRR: 4.43%) than for those with a “balanced” (IRR: 3.31%) or a “defensive” profile (IRR: 2.02%).

Results vary by fund, but every pension savings fund achieved a positive internal rate of return (IRR>0) over the observation period.

## E. Liquidity Risk Assessment of Belgian open-ended funds by the FSMA

For the second year in a row, the FSMA carried out a *Liquidity Risk Assessment* on Belgian open-ended funds. The Liquidity Risk Assessment is a useful tool for the supervision of liquidity risk in open-ended funds and liquidity risk management practices of fund managers.

The objective of the Liquidity Risk Assessment is to identify funds which could pose a liquidity risk. It assesses the funds' resilience to severe but plausible redemption shocks. The exercise is carried out on Belgian open-ended funds within the FSMA's supervisory scope. It is implemented in three stages:

- A. Calibration of the redemption shock using data on historical net redemptions.
- B. Assessment of the liquidity profile of funds using portfolio data.
- C. Assessment of the impact of the shock on each fund and at sectoral level.

The calibration of the redemption shock is the first stage of the Liquidity Risk Assessment. It provides an estimate of the net redemptions of a fund in a severe but plausible scenario. The Liquidity Risk Assessment takes an empirical historical perspective to calibrate the shock. To ensure that all funds are subject to a sufficiently severe shock, a first shock is calculated for each individual fund on the basis of the fund's historical data (heterogeneous approach) and a second shock is calculated per fund category on the basis of the historical data of all funds within the same category (homogeneous approach). Each fund is subjected to the worst shock of both approaches. For the funds within scope of the exercise, this results in a redemption shock of 16% of the net assets for the sector as a

whole. This is significantly more severe than the shock faced by Belgian open-ended funds in March 2020.

To measure the liquidity of the investments, the FSMA uses the *High Quality Liquid Asset* method (HQLA). The method consists of assigning a liquidity ratio (between 0 and 1) to each asset, based on the type of asset and its credit rating where applicable.

The third step of the Liquidity Risk Assessment is to measure each fund's resilience by calculating the ratio between the HQLA and the redemption shock, known as the *Redemption Coverage Ratio* (RCR). If a fund has an RCR below one, the fund is considered to potentially have insufficient liquid assets to withstand the shock.

The exercise identified 4 potentially non-resilient funds (representing EUR 0.45 billion in net assets). The potentially non-resilient funds were subjected to a qualitative analysis to assess their liquidity risk. This analysis did not result in any indications of an actual elevated liquidity risk.

## F. Assessment of leverage-related systemic risk

Leverage may be used by some types of investment funds, for example, by borrowing cash or securities or by using derivatives, either to increase exposures or to hedge risks. However, if not properly managed, the use of leverage may create risks to financial stability. The European regulatory framework requires national competent authorities (NCAs) to assess the extent to which the use of leverage by AIFMs contributes to the build-up of systemic risk in the financial system<sup>49</sup>. Based on this assessment, NCAs may impose leverage limits or other restrictions on the management of the AIFs. The risk assessment is required on a quarterly basis<sup>50</sup>.

The FSMA's risk assessment applies to all AIFs managed by Belgian AIFMs authorised by the FSMA, irrespective of where the AIF is domiciled. 310 AIFs managed by Belgian AIFMs, representing EUR 35 billion net assets, were in scope of the assessment at the end of 2024. This sum accounts for approximately 13 per cent of net assets of the combined AIFM and UCITS sectors within the supervisory scope of the FSMA.

The risk assessment follows a two-step approach. In the first step, NCAs are expected to identify the AIFs that are more likely to pose risks to the financial system, based on their assets under management and their use of leverage.

For the risk assessment at the end of 2024, the FSMA selected 53 AIFs, representing almost EUR 18 billion. Most of these AIFs belong to the following predominant AIF types as defined in the AIFMD reporting: funds of funds or other funds, such as equity funds, fixed income funds or structured funds.

In the second step of the assessment, NCAs are expected to evaluate potential leverage-related systemic risks to financial stability posed by the AIFs identified in the first step and to include in their assessment at least the risk of market impact, the risk of fire sales, the risk of direct spillovers to financial institutions, and the risk of interruption in direct credit intermediation. As of the end of 2024, the FSMA has not identified any immediate leverage-related financial stability risks requiring the imposition of leverage limits or other restrictions.

The FSMA did identify some areas requiring attention. First, the assessment showed that some AIFs identified in the first step have somewhat larger net exposures due to their size, which is an indicator of possible market impact. Second, most of the AIFs may be subject to potential liquidity demands from collateral calls due to their engagement in derivatives transactions. While this is inherent in the use of certain derivatives, the use of derivatives by those AIFs does not appear to be exceptionally risky. Third, some of the groups of AIFs assessed by the FSMA have linkages to financial institutions via their investor base and via their investments, and some AIFs present a potential credit risk to financial institutions, although the latter appears limited in absolute terms. Finally, there are some potential risks from investments in loans, although the absolute exposures appear to be limited as well.

The FSMA will continue to monitor these risks in accordance with the regulatory framework. Particular attention will be paid to those areas that have already been identified. The FSMA has also looked into potential risks associated with commercial real estate<sup>51</sup>. Those risks appear to be limited, but continued vigilance is warranted.

<sup>49</sup> Article 25 of the AIFMD, transposed into Belgian law by Article 75, § 1 of the Law of 19 April 2014.

<sup>50</sup> ESMA, Guidelines on Article 25 of Directive 2011/61/EU, June 2021.

<sup>51</sup> See also: ESRB, Recommendation of the European Systemic Risk Board of 1 December 2022 on vulnerabilities in the commercial real estate sector in the European Economic Area, December 2022.

## G. PRIIPs KIDs supervisory action and cost calculation methodology

Since 1 January 2023, a key information document (KID) must be published, pursuant to the PRIIPs Regulation<sup>52</sup>, for all public open-ended investment funds.

In 2023, the FSMA examined a representative sample of Belgian open-ended investment fund KIDs to assess their quality. Overall, the FSMA did not find any KIDs posing fundamental problems or any KIDs containing misleading information about the investment funds or their risks. However, a number of comments were made to the PRIIPs' originators.

In 2024 and 2025, the FSMA complemented its analyses with an examination of the methods for calculating the summary cost indicators (in monetary value and as a percentage) shown in the 'Costs over time' table in the 'What will this investment cost me?' section of the KIDs. The methodologies of all PRIIPs originators that manage at least one Belgian public investment funds have been reviewed.

First of all, the analysis revealed that the methodologies used by the various PRIIPs originators were heterogeneous. An in-depth analysis of the different methodologies then revealed deviations from regulatory requirements, although those deviations did not result in the publication of misleading information. Comments on this matter have been addressed to the PRIIPs originators concerned.

These two observations suggest that it would be useful to further clarify the regulatory requirements for calculating summary cost indicators in order to ensure greater uniformity in their implementation at both national and European levels. The FSMA works towards this goal with the European institutions concerned.

By way of a reminder, the PRIIPs Regulation's main objective is to enable retail investors to receive the necessary information to be able to compare products and to make an informed investment decision. Comparability of cost information is therefore essential.

<sup>52</sup> Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products.

## H. Desk reviews at management companies and portfolio management and investment advice companies: overall findings

Both management companies and portfolio management and investment advice companies must have a robust organisational structure in order to be able to conduct their business in the interests of their clients/investors.

In this context, the companies concerned must, inter alia, have a well-developed and organised internal control system, including an effective risk management function. In addition, companies must also have an appropriate compliance function.

In 2024, the FSMA conducted a desk review at several companies that focused specifically on these structures and functions<sup>53</sup>.

Whereas, overall, the exercise of the compliance function did not show significant shortcomings, this was less the case for the risk management function.

While companies draw up procedures for the performance of this function, it appeared that this function was not always properly performed in practice. Documentation and reporting on how this function was performed was often inadequate.

The companies concerned were informed of these findings and were asked to propose an action plan to remedy the shortcomings identified. It goes without saying that the FSMA will continue to pay careful attention to these functions and the way they are carried out by the regulated companies.

<sup>53</sup> In addition to these 'thematic' desk reviews, desk reviews were also carried out at companies in respect of their IT organization, cross-border activities and ESG (mainly in preparation for the ESG inspections carried out by the FSMA in 2024).

## I. Depositories

All Belgian UCITS must have a depositary that is accepted by the FSMA. To assess the appointment of UCITS depositaries and compliance with the relevant legal conditions, the FSMA asks Belgian or foreign management companies of Belgian UCITS and self-managed UCITS to complete a questionnaire on the FIMIS survey platform regarding the depositary they have appointed or intend to appoint<sup>54</sup>.

This questionnaire enquires, among other things, about the framework of the decision-making process for the selection, monitoring and organisation of the depositary, the way in which the depositary performs its tasks and the monitoring of the delegation arrangements by the depositary when it delegates custody tasks. The questionnaire deals with the main obligations under the applicable Belgian and European legislation. To appropriately respond to the questionnaire, content-related alignment between the manager and depositary is indispensable. This also became apparent from an initial verification of the completeness of the responses to the questionnaires.

During this initial completeness check, the FSMA determined that all managers within the scope of the communication had completed the questionnaire. The analysis showed, however, that certain sections of the questionnaires were incomplete. As a result of these findings, the FSMA sent initial feedback to the companies concerned, and subsequently invited them to finish completing the questionnaire.

In a later phase, the FSMA will carry out substantive checks to verify whether the answers are compliant with the applicable legislation.

<sup>54</sup> Communication FSMA\_2024\_04 of 28/02/2024 on the appointment of a depositary for UCITS (available in [Dutch](#) and [French](#) only).

## J. Application of EMIR

In 2024, the FSMA sent a questionnaire on compliance with EMIR<sup>55</sup> to Belgian UCITS management companies and authorised AIFMs (hereinafter ‘the management companies’) and Belgian self-managed UCITS.

The questionnaire aimed at determining the extent to which the management companies, the self-managed UCITS and the funds managed by the management companies engaged in derivatives transactions and, if so, whether they had policies and procedures in place to ensure compliance with the obligations set out in EMIR.

The responses received show that about half of the management companies questioned engage in derivatives transactions or manage funds that engage in derivatives transactions and are therefore subject to EMIR.

Most of the funds engage in both listed and OTC derivatives transactions. The most common types of derivatives transactions are forwards, futures, interest rate swaps and cross currency interest rate swaps.

Furthermore, the responses to the questionnaire show that the management companies and the self-managed UCITS covered by EMIR overall comply with that Regulation and have set up a monitoring system for derivatives transactions for this purpose.

However, the FSMA also contacted a number of entities to provide them with some limited feedback, mainly concerning the establishment of procedures. All

entities contacted made a written commitment to take account of the FSMA's comments and have established the procedures requested.

The FSMA also asked portfolio management and investment advice companies to what extent the EMIR Regulation applied to them. According to their replies, none of the portfolio management and investment advice companies engage in derivatives transactions for their own account.

Finally, the FSMA draws the attention of management companies and self-managed UCITS to the recent amendments to the EMIR Regulation<sup>56</sup>. Two of those amendments could be of particular relevance to the above-mentioned entities:

- Financial counterparties that are subject to the clearing obligation and that exceed the clearing thresholds in any category of derivative contracts must henceforth hold at least one active account at an authorised central counterparty<sup>57</sup>;
- Financial counterparties that are required to have risk management procedures for the exchange of collateral relating to OTC derivatives, could, in the future, be required to apply for authorisation by the FSMA before using, or adopting a change to, a model for initial margin calculation<sup>58</sup>.

It is the responsibility of the management companies and the self-managed UCITS that engage in derivatives transactions to determine for themselves whether these changes have an impact on them.

<sup>55</sup> Regulation No 648/2012 of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

<sup>56</sup> Those amendments entered into force on 24 December 2024 through Regulation (EU) 2024/2987 of the European Parliament and the Council of 27 November 2024 amending Regulations (EU) No 648/2012, (EU) No 575/2013 and (EU) 2017/1131 as regards measures to mitigate excessive exposures to third-country central counterparties and improve the efficiency of Union clearing markets.

<sup>57</sup> Pursuant to Article 7a of the EMIR Regulation.

<sup>58</sup> Pursuant to Article 11 (3) of the EMIR Regulation.

## K. Data quality of the regulatory reporting to the FSMA

### a. Data collection supports risk-based and data-driven supervision

The FSMA collects statistical and risk-oriented data about public investment funds authorised management companies. This includes inter alia data on net assets, subscriptions and redemptions, significant portfolio exposures, liquidity profile, investor profile, counterparty risks and use of leverage.

These data give the FSMA greater insight into the sector's activities and the associated risks. They enable the FSMA to support its risk-based and data-driven supervision, to monitor key developments in the sector, and to conduct thematic studies. Among other things, these data form the basis of several analyses described in this publication.

In stressed market conditions, such as after the announcement of new US import tariffs in early April 2025, the data collected allow for a first estimate to be made of the impact on the sector and the accompanying risks.

### b. Supervision of the quality of the information reported

Sufficient data quality is crucial to come to meaningful insights based on the data. Therefore, the FSMA uses a partially automated procedure to verify and improve data quality. The FSMA checks the data for consistency, completeness and plausibility. The monitoring is carried out on the basis of predefined data quality tests that generate a signal when there is a possible data quality problem.

Subsequently, the FSMA verifies whether these signals relate to a reporting error or whether there is a reasonable explanation for the test result (false positive result). Based on these signals, the FSMA contacts the representatives of the investment funds or management companies and asks them to correct the reporting where necessary.

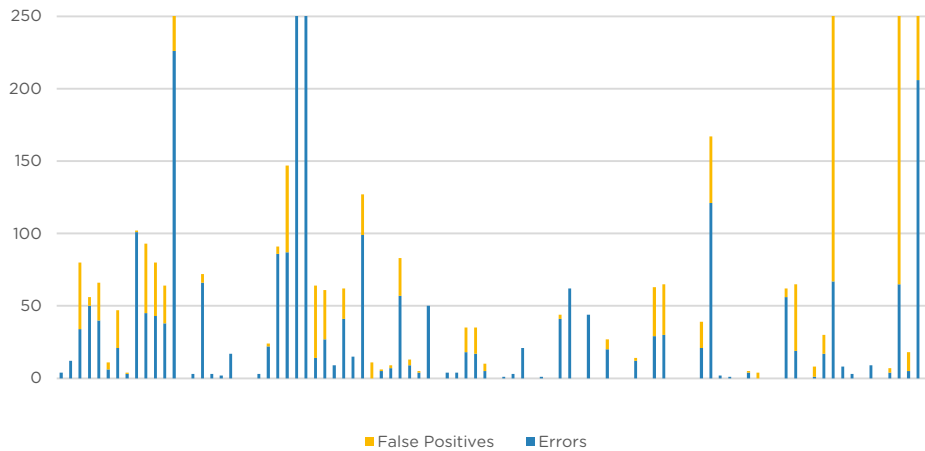
In 2021, the FSMA first applied this verification procedure to the reporting by the Belgian public open-ended investment funds. Since then, the scope and the number of tests have been extended, partly to meet ESMA's requests regarding the data quality of the reporting. In 2024, ad hoc tests that the FSMA had previously carried out during a data quality verification in preparation for the stress test conducted by the IMF within the framework of the Financial Sector Assessment Program (FSAP) were added.

The FSMA has also further refined the procedure by creating standardised templates in which reporting entities can explain any false positive results. The purpose of this procedure is to simplify the administrative processing both for the reporting entities and for the FSMA.

In 2024, 259 reporting entities were contacted. 3,748 (49.6%) of the signals were errors. 3,810 signals (50.4%) were classified by the FSMA as false positive results. The results per test are shown below<sup>59</sup>.

59 For the sake of readability, the results of 6 tests are not fully shown in the graph.

**Chart:** Number of signals per data quality test, broken down by their classification into false positives or errors (as at 31 December)



### c. Additional checks

In 2024, in addition to the above-mentioned checks, the FSMA also repeated its periodic verification of the information reported through Table CIS\_SUP\_3. These data form the basis for the dashboard on Belgian public UCIs that the FSMA publishes quarterly on its website. The FSMA checks these data prior to publication. In 2024, the FSMA contacted reporting entities a total of 22 times asking for clarification or correction.

In 2024, the FSMA also partially automated the data quality control procedure for these data in order to carry out these checks in a more systematic and structured way.

### d. Data quality remains a matter requiring attention

The FSMA will continue to pay attention to the quality of the data reported and aims at further developing data-driven supervision in the future.

The FSMA also continues to focus on incorporating data quality tests in the FiMiS survey platform. This allows the contact persons in charge of reporting to be informed of potential data quality issues when submitting the surveys.

The FSMA expects investment funds and management companies to continue to monitor the quality of the reporting they submit.

## L. Notice of default for non-reporting by sub-threshold AIFMs

Sub-threshold AIFMs are required, at the time of their registration, to provide information on the investment strategies<sup>60</sup> of the AIFs they manage, the total value of the assets under management, the main instruments in which they trade, and the main risk exposures and concentrations of the AIFs they manage.

They must update this information annually and submit it to the FSMA in the format of the AIFM and the AIF surveys<sup>61</sup>. The reporting period runs from 1 January to 31 December of the year concerned<sup>62</sup>. They must generally complete this reporting by 31 January of the following year.

Failure to comply with the reporting obligation may give rise to measures and sanctions, such as a fine of up to €2,500,000<sup>63</sup>.

In 2024, the FSMA issued a formal notice of default to six sub-threshold AIFMs for non-compliance with their reporting obligations. Following the notice of default, the managers completed the required surveys, and no further action or sanctions were required.

<sup>60</sup> This includes, inter alia, the main asset categories in which AIFs may invest, the industrial, geographical or other market sectors, or specific asset categories that are at the centre of the investment strategy, and a description of the AIFs' policy on borrowing or relying on leverage.

<sup>61</sup> The contents of this reporting are detailed in Annex IV of Delegated Regulation 231/2013 and Article 110 (6) of Delegated Regulation 231/2013.

<sup>62</sup> For newly established AIFMs and AIFs the reference period could be shorter. However, the minimum reference period for a new entity is always one full quarter.

<sup>63</sup> Article 365 of the Law on alternative investment funds and their managers.

## M. Active breaches and significant errors in the calculation of the NAV

In 2025, the FSMA conducted an analysis of the reporting received concerning significant internal control processes of Belgian public UCIs within the framework of Circular FSMA\_2019\_23<sup>64</sup> and Recommendation FSMA\_2019\_25<sup>65</sup> and that related to the reports received between December 2023 and November 2024. This analysis is the continuation of the one already carried out in 2023<sup>66</sup>.

The last analysis has shown, among other things, that fewer active breaches were reported than in previous years, which means that the downward trend that was previously observed continues. A sharp decrease of the number of active breaches by pension savings funds was also observed.

These are positive developments that will hopefully be sustained.

The FSMA also analysed the causes of the active breaches. More active breaches were caused by the violation of a legal provision than by the violation of a provision in the legal documentation such as the prospectus or the articles of incorporation of a fund. In addition, more active breaches resulted from exceeding a limit than from investing in non-eligible assets.

Furthermore, the FSMA noted that, after a decrease in 2020 and 2021, the number of significant errors in the calculation of the net asset value (NAV) increased again in 2022. This increase continued in 2023, with even more significant errors in 2023 than in 2019.

Consequently, it is important that there be sufficient and continued focus on correct NAV calculation and that the procedure in the Belgian legislation be

complied with, which provides, among other things, for the preparation of a recovery plan, so that similar errors may be prevented in the future. In that context, it is crucial that the organisation of parties to whom the fund administration has been outsourced should be adequate to carry out their tasks. The FSMA notes in this respect that, at this moment, the market does not offer many options for fund managers that wish to outsource the fund administration.

The legislation makes a distinction according to the sub-fund's investment policy in order to assess whether a significant error has been made. Significant errors are errors representing at least 0.25% of the NAV for money market funds, at least 1% of the NAV for equity funds and at least 0.5% of the NAV for other UCIs.

Lastly, the FSMA investigated whether significant errors occurred more frequently in sub-funds having certain investment policies. No significant errors appeared to have occurred in money market funds. It was found that, with the exception of pension savings funds, there is a more or less equal distribution of significant errors among the various types of funds. As for pension savings funds, fewer significant errors were reported.

64 Circular FSMA\_2019\_23 of 5 August 2019 regarding the effective management's report on internal control in self-managed sicavs/beveks (available in [Dutch](#) and [French](#) only).

65 Recommendation FSMA\_2019\_25 of 5 August 2019 regarding the periodic questionnaire for public UCIs with an appointed management company (available in [Dutch](#) and [French](#) only).

66 See Congress Columns on asset management, 2024.

# IV. ONGOING AND PLANNED SUPERVISORY ACTIONS

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## A. Sustainable Finance

Sustainable finance and the prevention of greenwashing remain important focusses of the FSMA. In this regard, the FSMA continues to ensure that the information on sustainability published by UCITS management companies, AIFMs and portfolio management companies is accurate, clear, not misleading, adequate and transparent.

In light of the evolving regulatory environment on sustainability stemming from the ongoing Omnibus negotiations and the announced SFDR review, the FSMA will focus its ESG supervision in the asset management sector on greenwashing issues. The FSMA has carried out and plans to launch a number of supervisory actions to combat greenwashing. These actions complement the *ex-ante* supervision of prospectuses and advertisements for public UCITS and AIFs, which allows for the early detection of numerous cases of potential greenwashing.

### a. Follow-up inspections

In 2023 and 2024, the FSMA carried out on-site inspections at the premises of UCITS management companies and AIFMs on the integration of sustainability risks and on how these companies ensure compliance with the ESG investment policy of UCITS and AIFs that promote environmental or social characteristics within the meaning of Article 8 of SFDR or have sustainable investment as their objective within the meaning of Article 9 of SFDR.

The FSMA intends to carry out further inspections not only at UCITS management companies and AIFMs but also at portfolio management and investment advice

companies. Please see Section A on ESG inspections: preliminary findings of Part III ‘Feedback following supervisory actions and analyses’ for highlights of the first findings of the FSMA in this regard.

### b. Naming of funds

In August 2024, ESMA published its Guidelines on funds’ names using ESG or sustainability-related terms.

The purpose of these Guidelines is to prevent greenwashing by specifying the circumstances where the fund names using ESG- or sustainability-related terms are unfair, unclear or misleading.

A fund’s name is indeed often the first piece of fund information investors see. As such, a fund’s name can have a significant impact on their investment decisions, and it is a key marketing tool.

As a reminder, the minimum criteria to be met by funds, depending on the terms used in their names<sup>67</sup>, can be summarized as follows:

<sup>67</sup> The Guidelines give a few examples of sustainability-related terms, but not an exhaustive list. In that regard, ESMA states that the term “Responsible” falls into the “Environment” category. It should also be noted that the link with sustainability is not necessarily self-evident for certain terms, and that the combination of several terms needs to be taken into account (e.g. “energy” vs “clean energy”).

	80% threshold <sup>68</sup>	CTB exclusions <sup>69</sup>	PAB exclusions <sup>70</sup> (fossil fuel exclusions)	Invest meaningfully in sustainable investments referred to SFDR (at least 50%)
Transition-, social- and governance-related terms (paragraph 16 of the Guidelines)				
Environmental- or impact-related terms (paragraph 17 of the Guidelines)				
Sustainability-related terms (paragraph 18 of the Guidelines)				

68 Proportion of investments used to comply with environmental or social criteria or to achieve sustainable investment objectives, in accordance with binding elements.

69 Climate Transition Benchmarks (CTB). For funds using transition-, social- and governance-related terms, the following companies are all excluded (companies referred to in Article 12, paragraph 1, points a) to c), of Commission Delegated Regulation (EU) 2020/1818 on EU climate transition benchmarks):

"a) companies involved in any activities related to controversial weapons;  
 b) companies involved in the cultivation and production of tobacco;  
 c) companies that benchmark administrators find in violation of the United Nations Global Compact (UNGC) principles or of the OECD Guidelines for Multinational Enterprises.

For the purposes of point (a), 'controversial weapons' shall mean controversial weapons as referred to in international treaties and conventions, United Nations principles and, where applicable, national legislation."

ESMA has further clarified that:

- 'controversial weapons' means anti-personnel mines, cluster munitions, chemical weapons and biological weapons<sup>71</sup>;
- 'to invest meaningfully in sustainable investments' means investing at least 50% in sustainable investments within the meaning of SFDR; and
- for investments in green bonds not issued under the European Green Bonds Regulation, the exclusions should apply on a look-through basis to the economic activities financed by such instruments (and not at the level of the issuers). The look-through approach should determine that the green bond invested in does not finance any of the activities referred to in Article 12, paragraph 1, points a-b) and d-g), of Commission Delegated Regulation (EU) 2020/1818. Investments in companies found in violation of the United Nations Global Compact (UNGC) principles or of the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises would not benefit from this look-through approach.

The Guidelines entered into force on 21 November 2024. They applied immediately to new funds created after that date. For funds existing before that date, the transitional period ended on 21 May 2025.

70 Paris-aligned Benchmarks (PAB). For funds using environmental-, impact- or sustainability-related terms, PAB exclusions come in addition to CTB exclusions and all the following companies are also excluded (companies referred to in Article 12, paragraph 1, points a) to c), of Commission Delegated Regulation (EU) 2020/1818 on EU climate transition benchmarks):

"d) companies that derive 1% or more of their revenues from exploration, mining, extraction, distribution or refining of hard coal and lignite;  
 e) companies that derive 10% or more of their revenues from the exploration, extraction, distribution or refining of oil fuels;  
 f) companies that derive 50% or more of their revenues from the exploration, extraction, manufacturing or distribution of gaseous fuels;  
 g) companies that derive 50% or more of their revenues from electricity generation with a GHG intensity of more than 100 g CO<sub>2</sub> e/kWh."

71 Those are the controversial weapons listed in Annex I, Table 1, indicator 14 of Delegated Regulation (EU) 2022/1288.

The FSMA contacted UCITS management companies and AIFMs that manage funds whose name contains an ESG- or sustainability-related term to ascertain their intentions regarding these Guidelines. In 2025, the FSMA also plans to analyse the portfolios of funds whose names contain an ESG- or sustainability-related term.

### c. PAI survey

Since 2022, the European Supervisory Authorities (ESAs) publish a report on the disclosures of principal adverse impacts of investment decisions on sustainability factors that financial market participants<sup>72</sup> must publish on their website under Article 4 of SFDR<sup>73</sup> (hereinafter, the “PAI disclosure”). On that occasion, ESMA consults supervisory authorities such as the FSMA on their findings and the good and bad practices they identified.

As far as the management of investment funds and the provision of investment services are concerned, the FSMA is responsible for ensuring compliance with Article 4 of SFDR by the following financial market participants<sup>74</sup>:

- AIFMs
- UCITS management companies and self-managed UCITS
- Portfolio management and investment advice companies, stockbroking firms and credit institutions providing the service of portfolio management as defined in Article 4, paragraph 1, point 8, of Directive 2014/65/EU<sup>75</sup>.

There are in total 51 such financial market participants.

<sup>72</sup> The concept of financial market participant is defined in Article 2, 1), of SFDR.

<sup>73</sup> This survey is performed in accordance with Article 18 of SFDR.

<sup>74</sup> In accordance with Article 37octies of the Law of 2 August 2002 on the supervision of the financial sector and on financial services.

<sup>75</sup> Directive 2014/65/EU on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU.

As part of its supervision of PAI disclosures as at 30 June 2024, the FSMA verified that each of these financial market participants had published its PAI disclosure and that it was easily accessible, clear and complete.

The results of the evaluation completed by the FSMA show that a large majority of financial market participants publish their PAI disclosures. The FSMA has notably identified the following good practices:

- The PAI disclosure is published on a dedicated web page that can be directly and easily accessed from the financial market participant’s homepage.
- The PAI disclosure is written in clear and simple language.
- The measures taken to mitigate principal adverse impacts are clearly explained in the PAI disclosure.

However, the FSMA has found that, in some cases, PAI disclosures are not easily accessible on the financial market participant’s website and that some do not contain all the elements required by Delegated Regulation 2022/1288<sup>76</sup>. The FSMA even found that 14 financial market participants had not published their PAI disclosure on their website. As a consequence, the FSMA sent them a letter asking them to remedy the situation in a timely manner.

<sup>76</sup> Delegated Regulation 2022/1288 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards specifying the details of the content and presentation of the information in relation to the principle of ‘do no significant harm’, specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

## d. Adaptation of the internal control template to include sustainability

Pursuant to the rules on sustainable finance<sup>77</sup>, UCITS management companies and AIFMs must take sustainability risks into account in their organization and in their internal control processes. To this end, these companies must take sustainability risks into account in the selection and ongoing monitoring of investments and assess the exposure to sustainability risks of each UCITS/AIF managed.

The senior management is responsible for the inclusion of sustainability risks in its organization and internal control processes.<sup>78</sup>

As a result, the FSMA has adapted the IC\_AMC survey<sup>79</sup> for UCITS management companies and AIFMs reported by senior management on the assessment of internal control, to include a new “sustainability” section with eight questions relating to the inclusion of sustainability risks. These questions are used for the first time in the report covering the year 2024 that UCITS management companies and AIFMs<sup>80</sup> are required to file via the FiMiS survey platform no later than one month before the date of their 2025 annual general meeting.

The FSMA also receives annual reports on internal control from Belgian public self-managed UCIs, and reports on cooperation with key service providers and on significant internal control processes from Belgian public UCIs with a designated management company. These reports have also been adapted to include questions relating to sustainability aspects. These questions relate to any investments in non-eligible assets, or any breaches of the limits set out in the legal documentation regarding the “sustainable” aspects of the investment policy.

<sup>77</sup> See Commission Delegated Regulation (EU) 2021/1255 of 21 April 2021 amending Delegated Regulation (EU) No 231/2013 as regards the sustainability risks and sustainability factors to be taken into account by Alternative Investment Fund Managers, and Commission Delegated Directive (EU) 2021/1270 of 21 April 2021 amending Directive 2010/43/EU as regards the sustainability risks and sustainability factors to be taken into account for Undertakings for Collective Investment in Transferable Securities (UCITS).

<sup>78</sup> See Article 60 of Delegated Regulation 231/2013 and Article 9 of Directive 2010/43/EU.

<sup>79</sup> This survey serves as the annual report of people who conduct the assessment of internal control. Circular FSMA\_2019\_19 of 5/08/2019 on the report of the executive management on the internal control and the statement of the executive management on the periodic statements (available in [Dutch](#) - [French](#) only).

<sup>80</sup> Pursuant to Article 319, § 7, of the AIF Law and Article 201, § 10, of the UCITS Law, the senior management must produce a report on the assessment of internal control at least once a year. The report is submitted to the FSMA. Article 319, § 7, of the AIF Law applies only to management companies of public AIFs. However, it is good practice for the management companies of non-public AIFs to draw up such a report annually.

## B. CSA Compliance

In 2025, the FSMA is participating in a new Common Supervisory Action coordinated by ESMA. The CSA is intended to assess to what extent UCITS management companies and AIFMs have established effective compliance and internal audit functions with the adequate staffing, authority, knowledge, and expertise to perform their duties under the AIFM and UCITS Directives.

Compliance and internal audit functions of UCITS management companies and AIFMs play a key role, as they are designed to ensure that adequate internal control mechanisms are in place to monitor, identify, measure, and mitigate any possible risks of non-compliance with the applicable rules. Therefore, it is crucial for the FSMA to ensure that UCITS management companies and AIFMs have robust internal controls to avoid investor detriment and preserve financial stability.

This Common Supervisory Action was launched early 2025 and is conducted by way of a desk review.

## C. Valuation practices for real estate and private assets

### a. Robust valuation practices

Valuation is an essential aspect of the management of investment funds. When subscriptions or redemptions are allowed, robust valuation practices ensure the fair treatment of both transacting and remaining investors. Reliable and regular fund valuations are also a key input for investors when making decisions regarding asset allocation. Valuations may also impact management and performance fees. In addition, fund valuations are an important source of information for supervisory authorities in monitoring the activities and risk profiles of funds and their managers.

AIFMs are therefore required to establish appropriate and consistent procedures for the valuation of the assets of each AIF they manage. Asset valuations are key inputs into the calculation of the net asset value of the fund and the assets under management of the manager.

### b. Growing importance of illiquid assets

Within the Belgian asset management industry, managers operating in the private equity and real estate sectors are playing an increasingly prominent role. In addition, retail investors are more and more interested in investing in private assets through funds.

Both private assets and real estate are generally illiquid and therefore harder to value. Valuation of such assets thus involves the application of judgement and would typically require the use of models.

The significant amount of judgement that is generally required means that it is important for the valuation to be carried out by persons who have sufficient experience. Managers should address any potential conflicts of interest related to the valuation of assets, such as those arising from certain fee models, from transactions with related parties or when fund performance is used for marketing purposes.

### c. Review of valuation practices

The FSMA plans to review valuation methods and procedures for a selection of AIFMs and will initiate a data collection to this end. The review will focus on authorised AIFMs managing funds that invest predominantly in illiquid assets such as private equity or real estate. The FSMA will also look into the methods and procedures that sub-threshold AIFMs use to calculate their assets under management.

# V. NAVIGATING PRUDENTIAL REQUIREMENTS

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## A. Prudential framework

Portfolio management and investment advice companies are subject to the European prudential regulatory framework for investment firms<sup>81</sup>. The regulatory framework also imposes prudential requirements for UCITS management companies and authorised AIFMs<sup>82</sup>.

The prudential framework is intended to ensure the safety and soundness of those companies and helps to ensure that they are managed in an orderly way and in the best interests of their clients.

Own funds requirements are a crucial element of the prudential framework, as adequate own funds enable firms to absorb losses.

<sup>81</sup> Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (IFD), transposed by the Law of 25 October 2016 and Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 (IFR).

<sup>82</sup> The Law of 3 August 2012 on institutions for collective investment that fulfil the conditions of Directive 2009/65/EC and institutions for investment in receivables for UCITS management companies and the Law of 19 April 2014.

## B. Supervisory review and evaluation process (SREP) for portfolio management and investment advice companies

### a. Own funds requirements for portfolio management and investment advice companies

Own funds requirements for portfolio management and investment advice companies depend on their “class”. Most portfolio management and investment advice companies are class 3 investment firms, also referred to as small and non-interconnected investment firms. This means that their size and activities are below a certain threshold. At the end of 2024, one portfolio management and investment advice company exceeded the threshold and was therefore classified as a class 2 investment firm<sup>83</sup>.

For all investment firms, the amount of own funds must at least be its required initial capital<sup>84</sup>. Own funds must also be sufficient to cover losses from fixed overheads. For class 2 investment firms, the required level of own funds also depends on their assets under management and client orders handled. Those requirements are referred to as **Pillar 1 own funds requirements**.

<sup>83</sup> Portfolio management and investment advice companies are not considered as systemically important investment firms (class 1 investment firms).

### b. SREP as a tool for the prudential supervision of investment firms

Investment firms may also face risks that are not fully covered by Pillar 1 own funds requirements. The prudential regulatory framework for investment firms therefore provides for an additional supervisory tool through which competent authorities can set additional requirements: the **supervisory review and evaluation process (SREP)**.

The SREP is a process through which competent authorities form a comprehensive view on the business model and risk profile of the supervised entity, as well as its overall viability and sustainability. Based on this assessment, competent authorities may set **additional own funds requirements** (referred to as “Pillar 2 requirements” or P2R) or apply other supervisory measures.

### c. European Guidelines on common procedures and methodologies

The EBA and ESMA have issued joint Guidelines on common procedures and methodologies for the SREP for investment firms. These Guidelines set out a framework for the SREP assessment and incorporate guidance on the application of supervisory measures, including capital measures.

A key principle in the Guidelines is proportionality. This means that the SREP needs to be tailored to the size and business model of the investment firm, as well as the nature, scale and complexity of its activities.

Proportionality is achieved by, among other things, classifying investment firms into four categories based on their size and risk profile, as well as their activities. The frequency, intensity, granularity and supervisory engagement of the

<sup>84</sup> EUR 75,000 for portfolio management and investment advice companies.

assessment is different for each category. Class 2 firms are divided into three categories, while class 3 firms, which form the bulk of the portfolio management and investment advice companies, are a separate category<sup>85</sup>.

The SREP is supported by regular monitoring of key financial and non-financial indicators, intended to allow competent authorities to monitor changes in the financial conditions and risk profiles of investment firms. The monitoring could lead to an update of the assessment of SREP elements.

The SREP assessment itself is built around four main elements:

- (i). Business model analysis. This analysis is meant to assess the viability of the investment firm's current business model and the sustainability of its strategy.
- (ii). Assessment of internal governance and investment firm-wide controls. The assessment of this element is intended to ensure that internal governance and firm-wide controls are adequate.
- (iii). Assessment of risks to capital and of the adequacy of capital to cover these risks. The risk assessment is aimed to score risks that have been identified as material for the investment firm. The goal of the capital assessment is to determine additional own funds requirements to cover risks identified as material and, where relevant, guidance on additional own funds.
- (iv). Assessment of risks to liquidity and funding and of the adequacy of liquidity resources to cover these risks.

The assessment of the SREP elements feeds into the overall SREP assessment, which offers a comprehensive view of the risk profile and viability of the investment firm and is the basis for taking any supervisory measures.

#### d. FSMA approach to the SREP

The FSMA is currently developing its SREP framework for portfolio management and investment advice companies in line with the joint EBA-ESMA Guidelines. The framework will consist of a tool to monitor changes in the companies' financial conditions and risk profiles, a methodology to conduct the assessment of the SREP elements and to summarise these assessments in the overall SREP assessment and a procedure to set additional own funds requirements or to apply other supervisory measures based on the outcome of the SREP assessment.

85 Class 1 investment firms are treated as credit institutions and are not subject to the framework set out in the joint EBA-ESMA Guidelines.

## C. Group capital test

Investment firm groups in the EU are generally subject to prudential consolidation<sup>86</sup>. This means that the parent undertaking in the group is required to comply with prudential requirements based on the consolidated situation of the group.

For group structures which are deemed to be sufficiently simple, and provided that there are no significant risks to clients or to market stemming from the investment firm group as a whole that would otherwise require supervision on a consolidated basis, competent authorities may grant a derogation from the prudential consolidation<sup>87</sup>.

Instead of being subject to prudential consolidation, parent undertakings to which a derogation has been granted will be subject to a lighter regime known as the group capital test (GCT). Under this lighter regime, the parent undertakings are required to hold enough own funds to cover the sum of the full book value of their holdings and of the total amount of all their contingent liabilities in favour of the relevant undertakings of the group.

As at 1 January 2024, the FSMA had granted a derogation from prudential consolidation to three out of four group structures of portfolio management and investment advice companies that met the conditions for being placed under the FSMA's consolidated supervision.

Until recently, the European regulatory framework did not specify what was meant by 'sufficiently simple' and 'significant risks to clients or to market'. In the absence of such an EU harmonised interpretation, the FSMA set out a number of criteria that had to be met for a group structure to be considered 'sufficiently

simple' and to verify 'that there are no significant risks to clients or to market'. Each of the FSMA's decisions to grant such a derogation has been limited to a one-year period.

In 2024, the EBA published guidelines that set objective thresholds and criteria that competent authorities should consider for the purpose of assessing whether the conditions for obtaining the derogation are met<sup>88,89</sup>. These guidelines entered into force on 1 January 2025.

In April 2024, at the end of the one-year period covered by the previous decision to grant access to this derogation regime, only two of the three group structures concerned submitted a request to the FSMA to continue to benefit from this derogation. Upon analysis of the dossiers submitted by those two structures, the FSMA found that they satisfied the conditions set out in the EBA Guidelines to benefit from the regime. A derogation was therefore granted to these structures until further notice, requiring them to communicate annually any useful information in order for the FSMA to be able to verify whether the conditions under which the derogations were granted continue to be met.

<sup>86</sup> Article 7 of the IFR.

<sup>87</sup> Article 8 of the IFR.

<sup>88</sup> Guidelines on the application of the group capital test for investment firm groups in accordance with Article 8 of Regulation (EU) 2033/2019.

<sup>89</sup> The guidelines also specify the conditions under which the supervisory authorities may allow a parent investment firm or an investment holding company to hold a lower level of own funds than the level set under the group capital test.

## D. EBA guidelines

The EBA is authorised to issue guidelines on various matters regarding prudential requirements of investment firms, in cooperation with ESMA. These guidelines are intended for competent authorities or financial institutions and aim to establish consistent, efficient and effective supervisory practices within the European system of financial supervision, ensuring a common, uniform and consistent application of EU law.

Competent authorities are required to inform the EBA, by a deadline set by the latter, whether they comply or intend to comply with the EBA guidelines, or, if they do not comply, to communicate the reasons for non-compliance.

In 2024, the FSMA notified the EBA that it complies with the following guidelines:

- EBA/GL/2024/03<sup>90</sup>: guidelines specifying the conditions that groups of investment firms subject to consolidated supervision must meet for competent authorities to grant authorisation to apply a lighter regime by derogating from the requirement for consolidation, namely the group capital test (see above). It should be noted that these guidelines also specify the conditions under which competent authorities may authorise a parent investment firm or an investment holding company to hold own funds below the level set by the group capital test;
- EBA/GL/2024/04<sup>91</sup>: guidelines specifying the reference period for which corrections are expected from institutions where erroneous data have been reported to the FSMA;

<sup>90</sup> Communication FSMA\_2024\_15 of 10/09/2024 regarding the implementation by the FSMA of the EBA guidelines on the application of the group capital test for groups of investment firms in accordance with Article 8 of Regulation (EU) 2019/2033 (available in [Dutch](#) and [French](#) only).

<sup>91</sup> Communication FSMA\_2024\_16 of 10/09/2024 regarding the implementation by the FSMA of the guidelines on the new submission of historical data as part of reporting to the EBA (available in [Dutch](#) and [French](#) only).

- EBA/GL/2021/14<sup>92</sup>: guidelines on internal governance pursuant to Directive (EU) 2019/2034. These guidelines apply to so-called class 2 investment firms<sup>93</sup> and provide guidance on how these firms should organise their internal governance arrangements, processes and mechanisms that they are required to implement in order to ensure effective and prudent management of their firms, in accordance with Article 25 of the Law of 25 October 2016. The topics covered include the role and responsibilities of (the members and/or functions of) the management body, its composition and the establishment of any committees. Furthermore, the firms must develop a sound organizational policy framework covering governance, internal controls, risk management, conflict of interest management, business continuity and transparency. The FSMA published Communication FSMA\_2024\_03 to support the implementation of these guidelines and informed the firms concerned about integrating these guidelines into its supervisory practices.

<sup>92</sup> Communication FSMA\_2024\_03 of 8/02/2024 regarding the implementation of the EBA guidelines of 22 November 2021 on internal governance under Directive (EU) 2019/2034 (available in [Dutch](#) and [French](#) only).

<sup>93</sup> This concerns firms that are not covered by Article 2(2) of Directive (EU) 2019/2034 and that do not meet all the conditions of Article 12(1), paragraph 1 of Regulation 2019/2033.

# VI. GOOD TO KNOW...

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## A. Model documents for cross-border activities of UCITS management companies and AIFMs

Last year, European implementing technical standards were published concerning the notification of cross-border activities by UCITS management companies and AIFMs. These standards include templates that must be used for cross-border notifications. The purpose of these templates is to harmonise the form and content of notifications at European level.

The implementing standards in question are laid down in:

- Commission Implementing Regulation (EU) 2024/910<sup>94</sup>: the implementing technical standards for the application of the UCITS Directive;
- Commission Implementing Regulation (EU) 2024/913<sup>95</sup>: the implementing technical standards for the application of the AIFMD.

Subsequently, the FSMA clarified on its website what it expects to receive from Belgian management companies regarding the required cross-border notifications.

<sup>94</sup> Commission Implementing Regulation (EU) 2024/910 of 15 December 2023 laying down implementing technical standards for the application of Directive 2009/65/EC of the European Parliament and of the Council with regard to the form and content of the information to be notified in respect of the cross-border activities of undertakings for collective investment in transferable securities (UCITS), UCITS management companies, the exchange of information between competent authorities on cross-border notification letters, and amending Commission Regulation (EU) No 584/2010.

<sup>95</sup> Commission Implementing Regulation (EU) 2024/913 of 15 December 2023 laying down implementing technical standards for the application of Directive 2011/61/EU of the European Parliament and of the Council with regard to the form and content of the information to be notified in respect of the cross-border activities of alternative investment fund managers and the exchange of information between competent authorities on cross-border notification letters.

<sup>96</sup> Article 18(1) of the UCITS Directive.

<sup>97</sup> Article 17(2) of the UCITS Directive.

An overview of the changes made to our website in this regard can be found below.

### UCITS

Type of notification	FSMA website
Notification of the free provision of services <sup>96</sup> or establishment of a branch <sup>97</sup> (including the transmission of information about the person responsible for the branch) by Belgian management companies.	Publication of a new communication, FSMA_2024_12 <sup>98</sup> .

### AIFMD

Types of notification	FSMA website
Notification of the free provision of services <sup>99</sup> or establishment of a branch <sup>100</sup> by Belgian management companies.	Publication of a new communication, FSMA_2024_12.
Notification for an AIF to be traded in its home member state <sup>101</sup> .	Update of communication FSMA_2022_05 <sup>102</sup> .
Notification for an AIF to be traded in a member state other than its home member state <sup>103</sup> .	Update of Annex 1 of communication FSMA_2017_05 <sup>104</sup> .

<sup>98</sup> Communication FSMA\_2024\_12 of 23/07/2024 on carrying out activities on a cross-border basis by UCITS management companies and management companies of Belgian AIFs (available in [Dutch](#) - [French](#) only).

<sup>99</sup> Article 18(1) of the UCITS Directive.

<sup>100</sup> Article 17(2) of the UCITS Directive.

<sup>101</sup> Article 31(2) of the AIFMD.

<sup>102</sup> Communication FSMA\_2022\_05 of 25/01/2022 on national provisions on trading requirements for UCITS and AIFs (available in [Dutch](#) - [French](#) only).

<sup>103</sup> Cf. Article 32(2) of the AIFMD.

<sup>104</sup> Communication FSMA\_2017\_05 of 24/02/2017 on the marketing of EEA AIFs managed by Belgian AIFMs in other EEA Member States (available in [Dutch](#) - [French](#) only).

## B. Notification procedure for Belgian UCITS

The FSMA has updated the explanatory notes on the notification procedure for Belgian UCITS

If a Belgian UCITS intends to market units of one of its sub-funds in another EEA member state, it must prepare a notification dossier. The UCITS submits this notification dossier to the FSMA as the *home NCA*, which forwards it to the competent authority of the host member state, the *host NCA*. Only after completing this procedure can the UCITS commence its marketing activities.

The UCITS must keep this notification file up to date by submitting updates both to the FSMA and to the host NCA. It has the option to cease the marketing of the units of the registered sub-fund in the host member state, even if this sub-fund remains active in Belgium. In such a case, it must submit a *de-notification dossier* to the FSMA, which will then forward it to the host NCA.

In 2024, the FSMA published a new circular providing guidance on the procedure for submitting, updating and withdrawing the notification dossier of a Belgian UCITS<sup>105</sup>. Although this guidance does not fundamentally differ from the previous circular on this subject, a number of new elements should be noted. These arise from the amendments made to the legislation and the framework governing the notification procedure.

The circular includes new templates that UCITS must use at the various stages of the notification dossier. The circular also clarifies, by reference to the guidelines in Communication FSMA\_2022\_18<sup>106</sup>, how the electronic transmission of documents should be carried out. Compliance with these guidelines is essential to ensure the smooth processing of the notification dossier, which will henceforth be handled, among other methods, via ESMA's electronic platform.

<sup>105</sup> Circular FSMA\_2024\_19 of 02/12/2024 on the notification procedure for undertakings for collective investment governed by Belgian law and fulfilling the conditions of Directive 2009/65/EC (available in [Dutch](#) - [French](#) only).

<sup>106</sup> Communication FSMA\_2022\_18 on the electronic transmission to the FSMA of information relating to undertakings for collective investment (available in [Dutch](#) - [French](#) only).

## C. Registration as an (authorised) manager of a EuVECA

Over the past year, the FSMA has registered several managers under the EuVECA Regulation<sup>107</sup>. This regulation is intended to stimulate the growth and innovation of small and medium-sized enterprises (SMEs) within the EU. The EuVECA Regulation applies to managers (AIFMs) of qualifying European Venture Capital Funds (EuVECA) established in the EU<sup>108</sup>. If the conditions of the EuVECA Regulation are met, the EuVECA label may be used when marketing these funds within the EU to the authorised target group<sup>109</sup>.

A EuVECA is an EU-established AIF that intends to invest at least 70% of the aggregate capital contribution and unpaid committed capital, after deducting all relevant costs and retained cash and cash equivalents, in 'qualifying investments'. These investments consist mainly of equity or quasi-equity issued by 'qualifying portfolio undertakings'<sup>110</sup>, which de facto correspond to SMEs.

To be registered by the FSMA in the ESMA register as a 'EuVECA manager', the information referred to in Article 14 of the EuVECA Regulation must be provided (for managers who do not hold an 'authorisation' as alternative investment fund manager under AIFMD) or in Article 14a of the EuVECA Regulation (for managers who do hold said 'authorisation'). In the latter case, the venture capital fund is registered, instead of the manager. Managers who already hold an authorisation are required to comply with fewer provisions of the EuVECA Regulation for the registration of their venture capital fund than managers who are only registered as sub-threshold AIFMs. In fact, some requirements are already covered by the

authorisation and operating conditions applicable to authorised AIFMs. For example, non-authorised managers must, in the context of a EuVECA application, meet specific own funds requirements, establish a conflict of interests policy and provide certain information to their investors.

Currently, the FSMA has registered both EuVECA venture capital funds of managers who already hold an authorisation (1) and EuVECA managers who registered solely as sub-threshold AIFM (5).

The FSMA notifies ESMA of each registration as a 'EuVECA manager'. Additionally, the FSMA informs the national competent authorities of EEA member states where the manager intends to market the venture capital fund.

Registered EuVECA managers are required to submit an annual report to the FSMA, which includes, among other elements, a description of the fund's portfolio composition and an overview of the activities carried out in the previous year.

<sup>107</sup> Regulation (EU) No 345/2013 of the European Parliament of 17 April 2013 on European venture capital funds.

<sup>108</sup> Article 2 of the EuVECA Regulation.

<sup>109</sup> EuVECA may only be offered to professional investors or to other investors who commit to investing a minimum of EUR 100,000. In addition, such other investors must, in a document separate from the agreement relating to the commitment to invest, provide a written statement that they are aware of the risks associated with the intended commitment or investment. Directors, managers or employees involved in the management are not required to meet the conditions applicable to other investors.

<sup>110</sup> Article 3(d) of the EuVECA Regulation. Under certain conditions, loans also qualify.

## D. UCITS can invest in gold-linked ETCs

Following the further alignment of the Belgian regulation with the UCITS Directive regarding the investment of UCITS in precious metals, the question of UCITS investing in gold-linked ETCs has arisen.

In early July, the FSMA Q&A on UCITS was updated to indicate that the FSMA does not object to a UCITS investing in a gold-linked ETC, provided that the following conditions are met:

- the ETC is a transferable security that meets the criteria set out in Article 53 of the UCITS Royal Decree<sup>111</sup>;
- the investment in the ETC cannot give rise to physical delivery of gold;
- the ETC offers a return that is entirely in line with that of a direct investment in gold (“delta one”);
- through its investment in gold ETCs or other transferable securities, the UCITS has a maximum exposure of 10% of its assets to gold.

The situation could be reassessed in light of developments at the European level as part of the revision of the UCITS Eligible Assets Directive<sup>112</sup>.

<sup>111</sup> Royal Decree of 12 November 2012 on the undertakings for collective investment meeting the conditions of Directive 2009/65/EC.

<sup>112</sup> Commission Directive 2007/16/EC of 19 March 2007 implementing Council Directive 85/611/EEC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards the clarification of certain definitions.

