

BAI Newsletter VI/2021– December 2021

Editorial article from Frank Dornseifer

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Ladies and Gentlemen, Dear Members,

The Advent season has begun, the end of the year is approaching, Mrs. Merkel has received a rose, and now that the new federal government has taken over the reins of government - almost on time for St. Nicholas - there is also - though without tinsel and jingle bells - the year-end issue of the BAI Newsletter with the focus on "Digitization and New Technologies".

Digital Finance Package – Last Christmas

Yes indeed, there was something in last year's Christmas issue of the BAI Newsletter. I reported in detail about the regulation for crypto-assets markets MiCAR, the regulation on Digital Operational Resilience DORA, the pilot regime for DLT-based market infrastructures, etc. and now, one year later, we are almost on the home stretch of the Digital Finance Package. We are currently looking at the compromise proposals from the trilogue talks between the EU Parliament, the Council of Ministers and the EU Commission, so that the future regulatory framework - not only - for blockchain assets, blockchain infrastructures, the handling of ICT risks, etc. at EU level will soon be established and another mammoth project, which also has an enormous impact on asset and fund managers, will take shape.

MiCAR, DLT pilot regime & Co. on target

It should be emphasized in this context that most of the legal acts now to be adopted are in the form of regulations that do not require national implementation, so that implementation at the institution level and at the relevant service providers will follow immediately. As things stand at present, the new requirements will therefore be directly and immediately applicable no later than 24 months after publication in the Official Journal of the European Union. Particularly in view of the great response to these topics around the BAI InnovationsDay, which we will of course also hold in the coming year, we will also report in detail in due course on the final package of measures of the Digital Finance Package and the effects and possibilities for practice. However,

this newsletter and the specialist articles contained here already offer more than just an overview of technology topics that affect our industry and relevant investors.

The traffic light coalition agreement - Let's be happy and cheerful

In my interview with the Investment Channel portal, when asked for an initial assessment of the coalition agreement, I already noted that not everything that is important is also in a coalition agreement, and some things that are in a coalition agreement are not necessarily important, and sometimes have more of a symbolic character.

The title of the coalition agreement "Dare more progress" sounds promising and invites you to read and browse. As I said, one must and should not overestimate a coalition agreement, but, above all, one should not clumsily talk it down. Even the defeated candidate for chancellor, Laschet, has acknowledged this - better than one or two representatives in his party - and we should now give the new government a realistic chance to seriously kick things off and shape progress in Germany.

Where is the asset management industry?

However, we would like to take stock of the situation from the perspective of the fund industry and institutional investment. The term "fund" is mentioned a total of 32 times in the coalition agreement: Future Funds, Climate Funds, Federal Nature Conservation Funds, Federal-State-Funds, Transformation Funds, Equalization Funds, Participation Funds, Emergency Service Funds, Guarantee Funds, Innovation Funds, Hardship Funds, Compensation Funds, Federal Cultural Funds, School Development Funds, Reconstruction Funds, Social Funds, Defense Funds, Democracy Funds. For obvious reasons, I wonder whether there would have been room for the term "investment fund" in at least one place on the 178 pages.

Where is the institutional investment management?

I don't want to be petty, on the contrary, this is a very central topic, which has just recently been taken up again prominently at the European level, namely the Capital Markets Union project, including the proposed amendments to the AIFM Directive and the ELTIF Regulation. For the EU Commission, this is a lighthouse project and the role and importance of the fund/asset management industry is always emphasized, including the market-based financing of SMEs, infrastructure projects and, last but not least, the so-called Green Deal. Against this background

in particular, it would have been desirable for our industry to have been mentioned in the coalition agreement alongside banks and insurers. But as I said, not everything that is important is in the coalition agreement. And some things, such as the unfortunate paragraph in the coalition agreement on so-called shadow banks, which overlooks the fact that the EU Commission has long since delivered on this, are more of a symbol, as I have already said.

Having worked well and constructively with the opposition during the last legislative period, we are of course looking forward to future cooperation with the Federal Ministry of Finance under the leadership of Mr. Lindner. We are currently preparing a cross-committee list of topics and initial positions for the BMF with ideas and petitions, precisely in order to dare to make more progress in financial market regulation and tax law. We are also happy to receive suggestions and proposals from member companies that do not belong to the respective specialist committees. Of course, this also applies to the above-mentioned AIFMD and ELTIF review, on which we have already held the first meeting of the specialist committee on fund and market regulation and are currently preparing the statement for consultation.

BAI Investor Survey 2021 - O how joyful

You have all read our press release on the publication of this year's BAI Investor Survey and were able to take a detailed look at the report on the survey, which is posted on the homepage. And the 104 participating investors, to whom I would like to express my sincere thanks for their great support, have even received the full version with all investor- and asset class-specific evaluations, which will hopefully serve as an impulse or assistance at one point or another. In short, this year not only saw a record number of participants and AuM, but also many fundamental and new insights into institutional investment in Germany and alternative investments. And if you haven't had a chance to take a look at the survey yet, make up for it - it's definitely worth it. The two authors Phillip Bunnenberg and Sven Gralla, whom I would like to thank once again for their great and dedicated work and evaluation, have also written a short overview of the survey for you in this newsletter.

BAI Science Award - Silent Night

In the last editorial I optimistically announced this year's BAI Science Award. Unfortunately, the 4th wave has overturned this plan, so that the award ceremony will be postponed to next year. At least we informed you last week with our special newsletter about the award winners and their

outstanding scientific work. It is also worth reading here. And of course, the application deadline for the BAI Science Award 2022 is already running again.

25 years of BAI - rejoice, ye heavens, exult, ye angels

We have already discreetly pointed out to you that an association anniversary is coming up next year, namely the 25th anniversary of the BAI! The anniversary celebrations will take place on June 23, 2022 at the Druckwasserwerk in Frankfurt and you are welcome to make a note of this date. In addition, there will be a special newsletter on the occasion of the anniversary, in which you are welcome to participate as sponsors, authors, etc. and for which we have already written to you. In any case, the coming year will be marked by this beautiful sign for the BAI and we are looking forward to many joint events (see also the date announcements on page 2) with you and the industry, a further growing circle of members, positive impulses for the industry in Germany and Europe and, of course, a wonderful anniversary celebration on June 23, 2022.

to the articles in this newsletter - Tomorrow, children, something will happen

The main topic of this newsletter is at the same time also the main topic on the BAI homepage, so that I may refer at this point not only to the as always very readable articles in this newsletter, but also to the further information and articles on our homepage. Please click there as well - and now have an informative and entertaining read. And finally, I would like to wish you, also on behalf of the BAI Board and the entire BAI office, a Merry Christmas.

Frank Dornseifer