

# ESMA launches a Common Supervisory Action with NCAs on Compliance and Internal Audit Functions

AUDIT FUND MANAGEMENT

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The European Securities and Markets Authority (ESMA), the EU's securities and markets regulator launches today a Common Supervisory Action (CSA) with National Competent Authorities (NCAs) on compliance and internal audit functions of UCITS management companies and Alternative Investment Fund Managers (AIFMs) across the EU.

The CSA will be conducted throughout 2025 and aims 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 are designed to ensure that the internal control mechanisms to monitor, identify, measure, and mitigate any possible risks of non-compliance with the applicable rules are in place. Therefore, ensuring that the entities have robust internal controls is crucial to avoid investor detriment and preserve financial stability.

The work will be done using a common assessment framework developed by ESMA, which sets out the scope, methodology, supervisory expectations, and timeline on how to carry out a comprehensive supervisory action in a convergent manner.

During the year, NCAs will share knowledge and experiences through ESMA to foster convergence in how they supervise the compliance of UCITS management companies and AIFMs with the relevant rules in the area.

## Next steps

ESMA will publish a final report with the results of the exercise in 2026.