



AIFMD Review

Association of Real Estate Funds
Thursday, 1st March 2018



AIFMD Review - overview

Introduction

The Alternative Investment Fund Managers Directive (2011/61/EU) (AIFMD) establishes common requirements across the EU to regulate managers ("AIFMs") of alternative investment funds ("AIFs").

The Directive represents the most significant EU regulation of the AIF industry in recent times, having an impact on a wide range of asset managers, not just traditional hedge and private equity managers, whether they are based in the EU or outside.

AIFMD Review

The AIFMD includes specific provisions for its subsequent review and amendment. Under Art. 69 AIFMD, the European Commission is to undertake a wide-ranging review of AIFMD, looking at:

- (i) analysis of the experience of applying the AIFMD;
- (ii) The Directive's impact on investors, AIFs or AIFMs, in the EU and in third countries; and
- (iii) the degree to which the AIFMD's original objectives have been achieved.

The outcome of the review is unknown, although industry professionals have urged EU regulators to introduce more meaningful measures around:

- leverage;
- standardisation of cross-border marketing rules; and
- simplified Annex IV reporting requirements.

It is entirely possible that such amendments to the AIFMD could be proposed although this is unlikely to materialise before 2019.

KPMG's role

The Directorate General for Financial Stability, Financial Services and Capital Markets Union of the European Commission (DG FISMA) has contracted KPMG to produce a report on the practical operation of the AIFMD. The report will provide an **evidence-based analysis of to what extent the AIFMD objectives have been met effectively, efficiently, relevantly, coherently and have provided EU added value.**

The German legal firm is in the lead and the core team includes colleagues from the German, French and UK practices, with experience in the AIFMD, questionnaire design, statistical analysis and project management. KPMG firms in 12 other Member States are involved (Austria, Belgium, Cyprus, Czech Republic, Denmark, Hungary, Italy, Ireland, Luxembourg, Malta, the Netherlands and Spain), and we are also seeking input from the Channel Islands, Hong Kong and the US.

We are seeking views and data from AIFMs, asset managers, depositaries, sub-custodians, investors, non-listed companies, fund administrators, accountants and external valuers, distributors and fund selectors, brokers, representative bodies and public authorities.

Our methodology includes desk research, online questionnaire, structured interviews and data analysis.

The AIFMD review shall be based on a survey on the functioning of the AIFMD rules and the experience acquired in applying them.

Matters spelled out in Art. 69 include the following:

- a. Marketing by EU AIFMs of non-EU AIFs via National Private Placement Regimes (NPPRs)
- b. Marketing of AIFs by non-EU AIFMs via NPPRs
- c. Marketing and management of AIFs via the passport regime
- d. Investment into AIFs by European professional investors
- e. Impact of the depositary rules
- f. Impact of the transparency and reporting requirements on the assessment of systemic risk
- g. Potential adverse impact on retail investors
- h. Impact of the rules on private equity and venture capital funds
- i. Impact on investor access to the EU
- j. Impact on investment in developing countries
- k. Impact on protection of non-listed companies and issuers and on the level playing field between AIFs and other investors after the acquisition of major holdings in or control over such non-listed companies or issuers

Article 69 AIFMD

AIFMD Review - online survey

Scope & Approach

Key tasks

KPMG UK has been tasked within the UK to:

1. Complete desk research on AIFMD implementation
2. Identify key stakeholders in the UK (including trade bodies)
3. Promote the online questionnaire
4. Conduct semi-structured interviews with a selection of key UK bodies, AIFMs, depositaries and other types of AIF stakeholders

Online survey

An anonymised online questionnaire asks all types of stakeholders impacted by the AIFMD, including AIFMs, depositaries, investors, distributors and asset managers, for their views on AIFMD requirements, their experience in applying them and the market impacts. The questionnaire should take about 25-90 minutes to complete, depending on the number of AIFMD aspects that a particular respondent has an interest in.

The online survey went live on 6 February and will run (to an extended timeline) of 31 March 2018. A dedicated link to the online survey has been published on the KPMG website.

A Customised link can be made available: the benefit being is that you can stop/start its population over time.

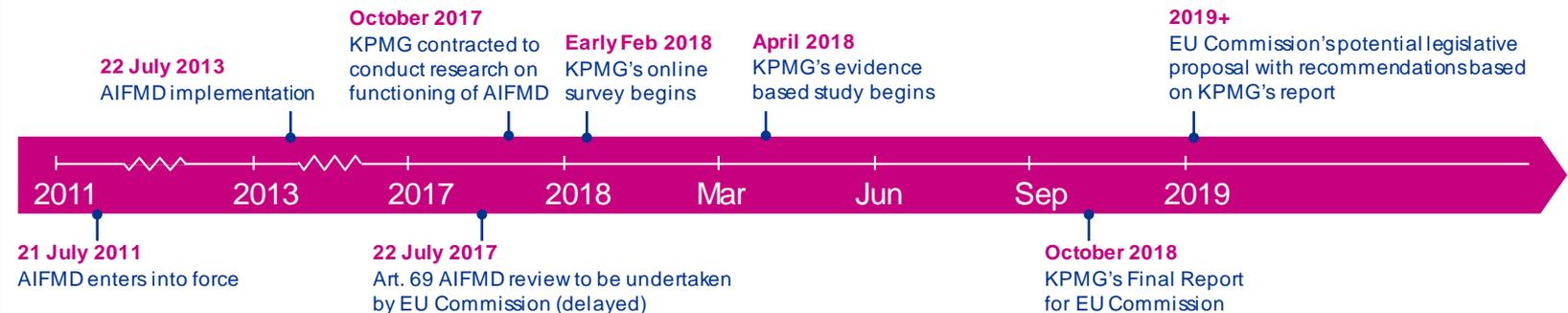
Key UK bodies

- Financial Conduct Authority
- Association of British Insurers
- Association of Investment Companies
- Association of Real Estate Funds**
- British Venture Capital Association
- Depositary and Trustee Association
- The Investment Association
- Pensions and Lifetime Savings Association
- Personal Investment Management and Financial Advice Association

Key pan-EU and international bodies

- European Securities and Markets Authority
- European Central Bank
- AIMA (hedge funds)
- Association of Global Custodians
- EFAMA (authorised AIFs)
- ETDF (depositaries)
- ICI Global (mutual funds)
- INREV (real estate)
- Invest Europe (private equity & venture capital)
- Managed Funds Association (hedge funds)

Key milestones



AIFMD Review – key points to note



A **word version of the survey** can be made available to support firms in socialising the content / structure of the survey and collate responsibilities from different stakeholders in their respective firms



Semi-structured interviews – if you would like to participate in the next phase of the process, we would be delighted to meet with you in April/May



Personalised Links – can be made available to reflect your firm's activities and to allow the survey to be completed over time



Multiple survey submissions – some firms are electing to complete more than one survey for the group. For example, a non-EU entity that is indirectly impacted may elect to respond separately from the AIFM in the group.



Jacqui leads our Wealth & Asset Management Regulatory Consulting practice. She is a MiFID, UCITS and AIFMD specialist and supports clients in demonstrating compliance with their ongoing and forthcoming regulatory obligations, including responding to strategic matters such as Brexit.



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