The AIFM: 
Getting authorised

AIFMD Newsbrief

A closer look at authorisation requirements under AIFMD

Introduction

On 19 December 2012 the European Commission finally published its adopted Level 2 Delegated Regulation (Level 2) for the Alternative Investment Fund Managers Directive (AIFMD). In this Newbrief, we take a closer look at the requirements surrounding the authorisation of future AIFMs.

The text for AIFMD was adopted by the European Council and Parliament in May 2011, and came into force on 21 July 2011. EU Member States have until 22 July 2013 to transpose AIFMD into their national law. AIFMD seeks to regulate AIFMs but not the alternative investment funds (AIFs) that are in scope of AIFMD. The scope is wide, capturing nearly all collective investment vehicles that are not UCITS. Further, AIFMD captures not just EU AIFMs (whether they manage AIFs established inside or outside the EU) but also non-EU AIFMs that market AIFs in the EU. Whilst AIFMs may need to spend a lot of time and effort to prepare for the new requirements introduced by AIFMD they will in future be able to market across the EU with use of a passport, similar to that offered for UCITS.

AIFMD aims to provide greater investor protection, ensure investors receive regular and comprehensive information on the AIF they invest in and ensure regulators receive detailed information on AIFs and AIFMs to enable them to identify any potential systemic trends or events that may impact market stability so they can take action.
Whilst the Directive provides the overriding regulatory framework that AIFMs must act within, the detailed implementation requirements are set out in the Level 2 Delegated Acts Regulation. Level 2 follows 18 months of debate and discussion, including provision of technical advice by the European Securities and Markets Authority (ESMA) and includes detailed rules on the:

- Use of leverage;
- Operational requirements (including the risk management function and delegation);
- Role of the depositary;
- Contents and frequency of reports to regulators.

With the adoption of Level 2, we are publishing a series of Newsbriefs to set out the requirements that AIFMs and depositaries will need to meet, as well as issues they need to consider, in more detail.

This Newsbrief discusses the AIFMD’s impact on AIFMs, in particular the authorisation requirements for AIFMs under the Directive. EU AIFMs subject to the Directive must be authorised in their home Member State by July 2014. However, an EU AIFM needing to make use of the passport will need to be compliant at that time.

This note will examine the following areas of the authorisation requirements more closely:

- Who is the AIFM?
- What’s an AIF?
- Exemptions and grandfathering provisions;
- Registration requirements and ability to opt in;
- Regulatory capital requirements;
- Authorisation requirements – EU AIFMs and;
- Authorisation requirements - non-EU AIFMs.

This note is a summary of the authorisation requirements and should not be viewed as definitive advice. It is one in a series, which we have produced, focusing on specific aspects of AIFMD. Please visit www.pwc.lu/aifm to access the full suite of our Newsbriefs or contact us via the details supplied in the “Contacts” section of this brochure.
**Who is the AIFM?**

AIFMD regulates AIFMs rather than AIFs themselves. Every AIF must have a single AIFM, although this can be the AIF itself (an internally-managed AIF) if relevant to its legal structure, for example, UK investment trust companies, Luxembourg SICAVs or Dublin established SMICs.

The designated AIFM is responsible for ensuring compliance with AIFMD and can, in certain circumstances, be forced to resign from its role by Member State competent authorities if it fails to ensure compliance.

The Directive defines AIFMs as any “legal person whose regular business is managing one or more AIFs”. “Managing AIFs” is defined as “performing at least investment management functions for one or more AIFs” (the investment management functions being portfolio management and risk management). This is understood as meaning the AIFM is the entity which has responsibility for each function, and has sufficient substance to oversee both, but it may delegate either function (or elements of either or both functions) to another entity, subject to stringent rules.

When delegation of risk management and/or portfolio management occurs, great care must be taken, as when the AIFM delegates the performance of these functions to an extent that exceeds by a substantial margin the functions performed by the AIFM itself, this could result in the AIFM becoming a “letter-box entity”. This means regulators would no longer view the AIFM as the “true” AIFM, but potentially the delegate. This could change how the AIFMD applies to a structure therefore, if, for example, the delegate as the “real” AIFM was outside the EU.

**What is an AIF?**

While the Directive does not regulate AIFs, it is fundamental to identify each product/vehicle which meets the definition of an AIF. As mentioned above, each AIF must have a single AIFM.

“AIFs” are defined as **collective investment undertakings**, other than UCITS, which **raise capital** from **a number of investors**, with a view to investing it in accordance with a **defined investment policy** for the benefit of those investors.

In its consultation paper on guidelines on key concepts of the AIFM, issued in December 2012, ESMA provides its views on the key criteria of the definition of an AIF. While, at this point in time, this paper remains a consultation which may evolve, it provides a better understanding of what ESMA considers an AIF.

First and foremost, ESMA highlights the fact that a vehicle must meet all the criteria (collective investment undertakings, raising capital, number of investors, and defined investment policy) in order to meet the definition of an AIF.
**Raising Capital:**

One of the key characteristics of this criterion is the need for a commercial communication between the capital seeking person or entity and the prospective investors. Such communication may occur once (closed ended AIFs) or on an ongoing basis (open ended AIFs).

Based on the above, we could expect that a number of intermediary special purpose vehicles (SPV) may not meet this criterion as they are often created for structuring purposes rather than to raise capital. It will however be necessary to analyse each vehicle carefully before coming to this conclusion.

Finally, ESMA indicated that a structure, whose capital is provided by a group of persons connected by a close familial relationship (family office vehicles) that pre-dates the establishment of the structure, would most likely not be within the scope of raising capital.

**Collective Investment Undertaking (CIU):**

The characteristic of a CIU, per ESMA’s consultation paper, are as follows:

- Is not an ordinary company with general commercial purpose and;

- Pools together capital raised from its investors for the purpose of investment with a view to generating a pooled return for those investors from investments (whether or not different investors receive returns on different bases) and;

- The investors have no day-to-day discretion or control over the management of the undertakings’ assets.

ESMA emphasises the fact that investors do not have day to day discretion or control over the management of the assets of the CIU. Through this concept, ESMA indirectly clarifies its view in respect to joint ventures. As indicated in the recital 8 of the Directive, joint ventures are not considered AIFs. There is however no single recognised definition of what constitutes a joint venture. The definition of a CIU, seems to indicate that a joint venture would not be considered an AIF if investors have day to day discretion or controls over the management of the assets of the joint venture. The use of joint ventures or “club deal” is prevalent in the alternative industry, in particular private equity and real estate. In most of these structures, while investors may have high level control, may be involved in prior approval of investment decisions they are not involved in day to day management. Each club deal/joint venture will need to be analysed in light of this consideration.
**Number of Investors:**

The presumption is that an AIF must have a number of investors. As such, a structure with a sole investor would not be considered an AIF. In its guidelines, ESMA re-emphasised two key concepts. First there must be the existence of a legally enforceable restriction to raise capital from a single investor. A structure which “happens” to have just one investor but whose legal documentation did not restrict the capital raising to a single investor would be regarded as having a number of investors. Second, a “look through” approach should be applied. Behind one unit holder/shareholder such as a nominee, a fund or a feeder fund, are potentially a number of beneficial owners which needs to be considered.

**Defined Investment Policy:**

In its consultation paper, ESMA lists of number of factors which would tend to indicate the existence of a defined investment policy. Such investment policy would:

- Be determined and fixed up-front;
- Be documented as part of its prospectus; offering memorandum or incorporation documents;
- Be enforceable by the investors;
- And include investment guidelines.

This characteristic is likely to be met by most vehicles with the exception of certain special purpose vehicles.

**Exemptions and grandfathering provisions**

A limited number of exemptions and grandfathering provisions exist. Firms meeting these exemptions will not be required to be authorised under the AIFMD but will nevertheless be required to register with their local regulator.

The first exemption mentioned concerns AIFMs which exclusively manage AIFs that are only invested into by the AIFM or by its associates (parent, subsidiaries, and subsidiaries of the parent).

More importantly, smaller AIFMs will not be required to be authorised, although they may choose to opt in. AIFMs managing AIFs with combined assets under management of €100m (including use of leverage) or AIFs with assets under management of €500m (where the AIFs are unleveraged) will not be required to be
authorised. “Smaller” AIFMs will however be required to register with local competent authorities and will be subject to some regulatory reporting.

It is important to note that the threshold is at the level of the AIFM and not at the level of the AIF. As such, an AIFM managing two AIFs (with use of leverage), of with €60 million of assets under management and one with €50 million, will be required to be authorised as total assets under management of €110 million are above the €100 million threshold.

Level 2 also specifies how to calculate assets under management for the purpose of these thresholds. The AIFM has to calculate total assets under management by determining:

1) the value of gross assets (without deducting liabilities), and

2) valuing derivative instruments at the value of an equivalent position in the underlying assets (rather than the value of the derivative instrument itself)

The value of the cross-holdings between AIFs (if any) managed by the same AIFM should be ignored for these calculation purposes.

This calculation may significantly differ from the AIF’s net asset value in particular when the AIFs has borrowings or uses derivative instruments.

Finally, an AIFM, also authorised as a management company of UCITS, should not include the assets under management of managed UCITS.

Regardless, given the small limits set within the Directive, we do not expect many AIFMs to be able to take advantage of these threshold amounts. Furthermore, those which are below the thresholds in 2013 will be required to be authorised within 30 days as soon as they exceed the threshold unless they can demonstrate to local competent authorities that the breach of threshold is occasional (i.e. less than 3 months).

The Directive also provides from some grandfathering clauses. Under these clauses,

1) AIFMs managing closed-ended type AIFs existing before 22 July 2013 which do not make any additional investments after 22 July 2013 may continue to manage such AIFs without authorisation under this Directive.

2) AIFMs managing closed-ended type AIFs whose subscription period for investors has closed prior to 21 July 2011 and are constituted for a period of time which expires after 22 July 2016, may continue to manage such AIFs without authorisation under this Directive. These AIFMs will however need to comply with certain transparency requirements (Articles 22 and 26 to 30).
A number of questions arise in respect to these grandfathering clauses which remain unanswered today.

First these clauses are applicable at the level of the AIFM not the AIFs. Assuming an AIFM manages a number of AIFs one of which is an AIF which meets the conditions laid above. Based on a literal interpretation of the Directive, this AIFM would need to be authorised and all requirements (depositary, annual report, valuation etc) impacting the AIFs would apply to all managed AIFs (including those meeting the grandfather conditions). The Directive or the Level 2 measures do not foresee exclusion of grandfathered AIFs in any of its provisions or implementing measures.

Another question concerns the meaning of “additional investments” in particular in the context of real estate funds. Many real estate funds once a property is purchased will need to fund capital expenditures in order to maintain the quality of the property. Would additional investments, in this case, be limited to the acquisition of new properties or should these capital expenditures be considered an additional investment? We can expect that such capital expenditures will most likely be considered an additional investment.

### Registration requirements and ability to opt in

Those AIFMs which fall beneath the €100m/€500m threshold need only register as AIFMs with their local regulator.

Registered AIFMs (as opposed to fully authorised) under AIFMD will not benefit from any of the rights granted under the Directive – particularly the ability to market its AIFs cross-border via the AIFMD passport, unless they choose to opt in. In such cases, the Directive will apply in full. Venture capital funds and social entrepreneurship funds that are below the threshold limits may in future be able to benefit from a cross-border passport through a proposal for a Regulation of the European Parliament and of the Council on European Venture Capital Funds (COM(2011) 860).

Registered AIFMs, while not subject to the full directive, will be required to supply ongoing information to their local regulator, both at the time of registration and on an ongoing (annually, though more frequently if Member States prefer) basis. This information is further clarified in the Level 2 measures to include:

- How the AIFs invest;
- Any investment strategy focus and;
- A description of each AIF’s borrowing or leverage policy.
Regulatory capital requirements

AIFMD introduces new requirements for initial capital, own funds and further own funds or professional indemnity insurance (PII) which must be held to cover potential professional liability risks. All AIFMs must meet these new capital requirements, regardless of whether they are an internal or external AIFM. Further, any capital held must be invested in liquid assets or assets readily convertible to cash and cannot be invested in any speculative positions. We expect regulators to take the view that assets are readily convertible to cash if a firm can convert the holdings within one month.

With the exception of the requirement relating to professional liability risks, AIFMs that are also UCITS management companies are exempted from these capital rules as such firms are already subject to identical provisions in the UCITS Directive.

Initial capital and additional own funds

The initial capital requirements that an AIFM must hold differ depending on whether the AIFM is appointed as an external manager of AIFs or is an internally managed AIF.

<table>
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<tr>
<th></th>
<th>External AIFM</th>
<th>Internally Managed AIF</th>
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<tbody>
<tr>
<td>Initial Capital</td>
<td>EUR 125,000</td>
<td>EUR 300,000</td>
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<tr>
<td>Capital Requirements</td>
<td></td>
<td></td>
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<tr>
<td>(own funds)</td>
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<tr>
<td>Plus an additional 0.02% of the amount by which assets under management of the AIF(s) managed by the AIFM exceeds EUR 250,000,000 (up to a maximum of EUR 10,000,000)</td>
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<tr>
<td>Notwithstanding this requirement, the minimum additional own funds must never be lower than one quarter of the AIFM’s preceding year fixed overheads.</td>
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Own funds are expected to be invested in liquid assets or assets readily convertible to cash in the short term and cannot include speculative positions.
AIFM’s must recalculate additional own funds annually. However, if the AUM of any AIF(s) it manages increases significantly, the AIFM is required to proceed “without undue delay” to recalculate the additional own funds requirement and adjust the additional own funds accordingly.

Member States are able to discount the amount of additional own funds required by the AIFM by up to 50% of the additional amount if they benefit from a guarantee of the same amount given by a credit institution or an insurance undertaking with a registered office in a Member State, or an equivalent third country.

**Professional liability risk**

AIFMs must also cover potential professional liability risks through either additional own funds to cover risks from professional negligence, or hold an appropriate professional indemnity insurance against such risks; this extends to the risk of losses arising from the activities of the AIFM, for which the AIFM has legal responsibility.

<table>
<thead>
<tr>
<th>Professional Liability Risk</th>
<th>Additional owns funds: 0.01 % of the values of portfolios (could be reduced to 0.008%)</th>
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<tr>
<td></td>
<td>or</td>
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<td></td>
<td>Insurance Professional indemnity insurance from EU insurance company:</td>
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<tr>
<td></td>
<td>• Coverage: individual claim: 0.7 % of the value of the portfolios</td>
</tr>
<tr>
<td></td>
<td>• Coverage: claims in aggregate: 0.9 % of the value of the portfolios</td>
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</table>

The requirement is applicable to all AIFMs, including those which are also UCITS management companies.

Risks that must be covered are wide-ranging, including losses arising from negligence in relation to business disruption, system failures and process management, and those in relation to investors, products and business practices. This would include the loss of title documents evidencing ownership, misrepresentations made by the AIFM or its staff, failures by senior management to prevent fraudulent or malicious acts by the AIFM’s staff or third parties for whom the AIFM has vicarious liability, and the improper valuation of assets and calculation of unit/share prices.
Also included are negligent acts, effort or omissions by the AIFM resulting in a breach of:

- Obligations according to law and regulatory framework;
- Duty of skill and care to the AIF when carrying out its professional activities;
- Obligations of confidentiality;
- AIF rules or instruments of incorporation;
- Terms of its appointment by the AIF (except for internally-managed AIFs).

**Additional own funds**

If AIFMs choose to hold additional own funds, these will amount to 0.01% of all assets under management. Level 2 allows regulators to reduce this requirement for individual AIFMs to 0.008%, provided the AIFM can demonstrate (based on its historical loss data and a minimum historical observation period of three years) that liability risk is adequately captured.

On the flip side, the regulator can increase the amount of own funds the AIFM must hold for professional liability risks if the regulator believes the existing own funds held by the AIFM are not sufficient to cover the risks. If a regulator chooses this option it must provide the AIFM with its reasons for considering the AIFM’s existing allowance of own funds insufficient to cover professional liability risks.

**Professional indemnity insurance**

If an AIFM chooses to use PII to cover its professional liability risks then the PII must be sufficient to cover all risks; AIFMs cannot use a combination of PII and own funds. To meet AIFMD requirements, the PII must have an initial term of no less than one year and a cancellation notice period of at least 90 days. It is also possible that a third country insurance undertaking may not be appropriate in this context.

The coverage of the insurance per claim must be adequate for the individual AIFM’s liability risk subject to a minimum coverage for both each claim and for all claims in aggregate each year as described in the table on page 7.

An AIFM will need to review the policy to ensure continued compliance at least once a year and in the event of any change impacting compliance.
Example

If we assume an external AIFM with a total value of portfolios of managed AIFs of €5 billion, which uses own funds to meet its professional liability risks then it would need to hold the following regulatory capital:

Initial capital = €125,000

Own funds = (€5,000,000,000 - €250,000,000)*0.02% = €950,000

Own funds (for professional liability risks) = €5,000,000,000*0.01% = €500,000

AIFM’s total regulatory capital requirements = €1,575,000

Level 2 specifies how to calculate the value of portfolio for the purpose of the capital requirements as the sum of the absolute value of all assets with derivative instruments valued at their market price. This calculation differs from what is used for authorisation “threshold”

For some firms, this will involve a considerable increase in their regulatory capital. Depending on their asset base, it may be difficult to set aside such capital. Therefore these new requirements need to be a major part of a firm’s strategic thinking on the number of AIFMs they need to operate their business.

Authorisation requirements (for EU AIFMs)

The requirements for the authorisation of the AIFM differ depending on its domicile (either within the EU or a third country). Here we focus on the requirements for AIFMs domiciled within the EU.

To be authorised, AIFMs must provide the following information to their home state regulator, both about themselves and the AIFs they manage (see table on page 12).
Information on the AIFM: | Information on the AIF(s): |
---|---|
The persons effectively conducting the business of the AIFM | Their investment strategies, the AIFM’s policy on leverage, risk profile and other characteristics of the AIFs it manages or intends to manage, including whether they are or will be established in the EU or a third country |
Identities of the AIFM's shareholders or members, whether direct or indirect, natural or legal persons, that have qualifying holdings (and the amount of those holdings) | The identity of the master AIF, if any of the AIFs are feeder funds |
Organisational structure of the AIFM, including information on how the AIFM will comply with its obligations in the Directive | Provision of the rules or instruments of incorporation of each AIF the AIFM intends to manage |
Its remuneration policies and practices | The depositary arrangements for each AIF |
Its arrangements for delegation and sub-delegation to third parties, of functions | Various other disclosures to investors on the AIF’s service provider network |

The home state regulator will be required to inform the applicant in writing within 3 months of the submission of the complete application file whether or not authorisation is granted. This 3 months deadline can be prolonged by an additional 3 months, upon notification to the applicant, if deemed necessary.

Activities of an authorised AIFM

An authorised AIFM’s prime function is to manage AIFs. In that context, the Directive clearly outlines activities an AIFM must perform, activities an AIFM can perform as well as other limited activities an AIFM could perform if allowed by individual Member States.

The only derogation to this principal is the ability for an external AIFM to also be authorised as a UCITS management company. As such, such AIFM will be able to perform any additional activities permitted under the UCITS Directive.
ESMA highlights in one of its discussion papers that a MiFID firm or Credit Institution cannot be the appointed AIFM for an AIF nor obtain authorisation under the AIFMD. The Directive only allows dual authorisation in the case of AIFMs and UCITS management companies. Such firms can, however, provide investment services such as individual portfolio management as a delegate of the AIFM.

**Mandatory Activities in the course of the management of an AIF**

- Investment management functions;
  - Portfolio management
  - Risk management

**Other Permitted Activities in the course of the management of an AIF**

- Administration
- Marketing
- Activities related to the assets of AIFs

**Member States may also authorise, by derogation, external AIFMs to provide**

- Management of portfolios of investments, in accordance with mandates given by investors on a discretionary, client-by-client basis (including managing pension funds and institutions for occupational retirement provision) and;
- Non-core services, comprising investment advice, safe-keeping and administration in relation to shares or units in collective investment undertakings and reception and transmission of orders in relation to financial instruments.

The question of scope of activities needs to be carefully considered by managers when determining their target model under the AIFMD. A number of activities (such as the management of structures that do not quality as AIFs) currently performed may no longer be allowed.

All of the activities performed by or under the responsibility of the AIFM can be delegated to a certain extent and under defined conditions. Additional requirements are applicable when delegating portfolio management or risk management. Refer to our Newsbrief “The AIFM and its delegates: Getting organised” for additional information on delegation.
Authorisation requirements (for non-EU AIFMs)

Authorisation requirements may impact non-EU AIFMs as soon as 2015.

Non-EU AIFMs intending to manage EU AIFs will need to be authorised by the competent authority of their Member State of Reference as from July 2015. At which point, the full directive will apply and the managed AIFs will have access to the EU passport.

Non EU AIFMs that intend to market non-EU AIFs in the EU, will, if ESMA allows it, be able to apply for authorisation as from 2015. They may however choose to remain unauthorised and continue to market their non EU AIFs via private placement regimes without access to the EU passport. However, as it is expected that national private placement regimes be abolished as from 2018, all non-EU AIFMs, which intend to market non EU AIFs in the EU, will most likely need to be authorised as from 2018. This will allows them to have access to passport but will require them to be fully compliant with the Directive.

As mentioned above, a non EU AIFM that chooses or is required to be authorised, will need to obtain this authorisation from its Member State of Reference. This Member State of Reference will become its regulator.

Further information on determining the Member State of Reference for a non-EU AIFM can be found in our upcoming Newsbrief on third countries. For the identification of the Member State of Reference, there are criteria defined and the primary factor will be where the non-EU AIFM intends to market its AIFs and their respective sizes.

To be authorised by its Member State of Reference, a non-EU AIFM must comply with certain conditions and provide certain documents to that Member State’s competent authority (see table on page 15).
<table>
<thead>
<tr>
<th>General Conditions it must comply with:</th>
<th>Required documents it must produce:</th>
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<tr>
<td>Must comply with the Directive, unless provisions of the Directive are incompatible with the AIFM’s home state and it is either impossible to comply with these provisions or the AIFM is subject to and complies with equivalent rules with the same level of protection for investors in its home state</td>
<td>A justification by the AIFM of its assessment regarding the Member State of Reference with information on its marketing strategy</td>
</tr>
<tr>
<td>Appoint a legal representative in the Member State of Reference that is at least sufficiently equipped to perform the compliance function and is a point of contact of the AIFM in the EU</td>
<td>A list of the provisions of the Directive that it is impossible for the AIFM to comply with</td>
</tr>
<tr>
<td>Appropriate cooperation arrangements in place between all competent authorities involved (e.g. home state, Member State of Reference and any further Member State where an AIF is domiciled)</td>
<td>Written evidence based on the regulatory technical standards developed by ESMA that the relevant third country law provides for a rule equivalent to the provisions for which compliance is impossible</td>
</tr>
<tr>
<td>The home state of the AIFM is not listed as a Non-Cooperative Country and Territory by FATF</td>
<td>The name of the legal representative of the AIFM and where it is established</td>
</tr>
<tr>
<td>The AIFM’s home state has signed an agreement with the Member State of Reference which complies with the standards laid down in Article 26 of the OECD Model Tax Convention on Income and Capital</td>
<td>Information supplied by the AIFM on its AIFs can be limited to those it intends to market in the EU</td>
</tr>
<tr>
<td>The effective exercise of supervisory functions by competent authorities in the EU is not prevented by the laws, regulations or administrative provisions of the AIFM’s home state, nor by limitations in that home state’s competent authority’s supervisory and investigatory powers</td>
<td>N/A</td>
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Conclusion

While the Directive and Level 2 measures provide a good understanding of the principles to apply and a number of implementing measures, a number of fundamental questions remain unanswered. The overriding concern for most in the alternative fund industry remains the identification of whom the AIFM is within any given multi-national structure and which products/structures will actually be deemed an “AIF”.

While we can expect some of the questions to be covered in the upcoming ESMA technical standards or guidelines, given the diversity of managers and funds captured by the Directive; it is unlikely that all will be addressed. As such, it is to be expected that answers will come from local regulators based on their interpretation.

Given the short time remaining until implementation in July 2013, it is important that potential future AIFMs begin the process to analyse their structure, map their products and services to identify key questions and key gaps.

For some, the requirements will simply be additional compliance work on top of what they already have to carry out (for example, if they already act as UCITS managers); for other, typically smaller firms, this will introduce a whole new raft of requirements to satisfy, both to obtain authorisation and on an ongoing basis. For these entities, 2013 is going to be a busy year.

Our service offering

The AIFMD is a complex piece of legislation. It contains many technical requirements, some of which may require significant modifications to your current organisation.

PwC has a multi-disciplinary and multi-industry team of professionals in business strategy, operation and structuring, risk management, regulatory compliance, tax, global fund distribution, and assurance services, all specialists in the authorisation space, and are ready to assist you identify and assess the many impacts of the Directive on your organisation and develop an integrated response to the AIFMD.

As part of the wider PwC network in Europe, you will have access to industry experts across relevant territories, who regularly work together when required, to provide a seamless line of service on a pan-European basis.

We will use our collaborative methodology to establish a framework for your AIFMD solution, tailored to your business requirements, by helping you with:

- Defining your target business model;
- Assisting you in assessing and identifying potential opportunities;
Completing impact assessments and gap analysis;
Designing and constructing solutions;
Implementing agreed actions;
Ensuring effective operation, validation and ongoing review Filing authorisation application with CSSF and;
Through our dedicated cross border fund distribution services, Global Fund Distribution, filing notification for the EU passport, assisting you complying with local marketing requirements and meeting your ongoing regulatory reporting and tax obligations:

By working with you through the AIFMD analysis, we can assist you in managing its potential cost and resource requirements, to best exploit the opportunities presented by this new regulatory environment.

Integral to this assistance is our deep industry knowledge in Luxembourg and Europe and our expertise in the AIFMD. Our team of experts has followed each step of the Directive’s development and its related implementation measures and has been engaged in on-going dialogues with key stakeholders, including asset managers, service providers, trade associations and regulators. You can profit from this knowledge and so transform this challenge into your benefit.

If you would like to discuss any of the areas covered in this paper as well as the implications for your business, please feel free to contact your usual PwC contact or one of our AIFMD specialists listed below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Phone Number</th>
<th>Email</th>
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<tbody>
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