

## The challenge

It's time for managers to fully assess and plan their preparations for AIFMD. The implementation date is set for 22 July 2013, and the final advice has now been released by the EU Commission.

You might need to amend existing funds and their managers, create or strengthen offshore arrangements, raise capital/insurance, restructure the management group, engage depositories, change remuneration arrangements or deal with marketing and reporting differently. And there's little time left before the directive goes live.

The good news! PwC can help asset management firms of all types to efficiently identify, assess and address AIFMD compliance and risk issues, effectively. Whether you are simply seeking advice, or looking for a partner to manage all aspects of the programme, our rigorous approach covers every element of the compliance process and can be tailored to meet your needs.

## Our team



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*Alternative Investment  
Fund Managers Directive*

*6 phases to becoming  
AIFMD-ready*

*April 2013*

**Time to take  
strategic action  
AIFMD**



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Why you need to take stock and take action

- AIFMD will affect most alternative asset managers who manage funds or market to investors in the European Union.
- All AIFMs, managing or marketing AIFs in the EU, will be impacted by the transparency and reporting requirements.
- As a result, if caught, you will need to produce full GAAP financial statements for all AIFs in scope, provide additional disclosures in the annual report, and comply with the disclosure requirements to investors and to regulators.
- For EU AIFMs, the Directive will also impose strict additional ongoing compliance and operational requirements. The most onerous include capital, depositaries, risk management and remuneration.

Critically, managers must:

- Determine their strategic response to the Directive. Whether they want or need an AIFMD compliant structure or whether they should remain or move outside of the EU.
- If opting for private placement, Non EU managers’ immediate focus must be on the transparency demands of the Directive and on the substance requirements of the AIFM(s) to avoid them being deemed a “letter box entity”.
- If opting, or required to be fully AIFMD compliant, assess their existing compliance and operations against all key requirements of the AIFMD.
- As a result, managers may need to amend existing fund structures and their managers, create or strengthen offshore arrangements, raise capital/insurance, restructure the management group, engage depositories, change remuneration arrangements or, deal with marketing and reporting differently.

How we can help

We help asset management firms of all types address regulatory compliance issues and manage regulatory risk effectively. We have been involved with AIFMD through interactions with the regulators and clients since its first appearance in 2009. Mary Bruen spent one year on secondment to the FSA working on AIFMD’s Domestic and EU policy development. So we’ve got substantial and deep experience in helping clients. We understand the practical implications of the regulations. Our regulatory experts are focused on alternative investment funds and have the relevant experience. and understand the industry. So we can we bring up-to-the minute perspectives and strong baseline knowledge of current industry leading practices. We’ve also leveraged this experience and knowledge to develop our unique tool ‘AIFMD Compass’ which allows our clients to perform a full gap analysis in a straightforward and efficient way and help to navigate implementation of the Directive.

Typical areas of focus: we help managers to assess their risks and become AIFMD-ready in six manageable phases



We understand your business issues

- We focus on understanding your internal barriers to meeting industry challenges, whether, AIFMD, Dodd Frank or other pending regulatory developments. Barriers could be anything from resource constraints, lack of subject matter expertise to authorisation processes.
- We get a clear picture of how you’re seeking competitive edge, working to reinforce investors trust and create relationships with new/prospective investors.

We’ll create solutions that deliver the value you need

- Generally, getting AIFMD-ready is a

6 phase process. All phases are recommended, but you can start with an initial 1-2 phase project and add on additional phases as work progresses.

- We adjust the scope of work with you as your needs evolve, always focused on delivering you an effective and efficient service.
- If relevant, you can opt to also run a Dodd Frank or FATCA-readiness process or an onshore versus offshore tax analysis concurrently with AIFMD, offering you significant efficiency savings.

Why PwC?

- Our leading market share across the Channel Islands in the Alternative Investment assurance market, means we have the experience and connectivity to bring an

unparalleled wealth of industry insight to your engagement.

- Our local experts’ knowledge and expertise is further enriched through secondments working in the PwC UK firm and at the FSA, on AIFMD and other global regulatory projects.
- We focus on anticipating where the regulators are going, in addition to analysing where they have been or what they have said.
- Engage us and you’ll get local people working for you: dedicated contacts in the Channel Islands who will respond quickly throughout the project.
- And of course we’ll also feed in timely, hands-on practical advice and technical experience from our global network whenever it will add value for you.

Who and when?

Impact depends on AIFM’s size, activities and nexus to the EU...

Scenarios	Access to EU Market	AIFMD Requirements
EU AIFM with EU AIF	Via passport	Full regime of the AIFMD
EU AIFM with Non-EU AIF	Via private placement from 2013-2018	Full regime of the AIFMD - except certain aspects of depository requirements*
	May be able to passport from 2015	Full regime of the AIFMD
Non-EU AIFM with EU AIF	Via private placement from 2013-2018	Transparency, private equity portfolio company requirements and other requirements**
	May be able to passport from 2015	Full regime of the AIFMD
Non-EU AIFM with Non-EU	Via private placement from 2013-2018	Transparency, private equity portfolio company requirements and other requirements**
	May be able to passport from 2015	Full regime of the AIFMD

\*This lighter regime is referred to as ‘depository lite’. Essentially, one or more entities must be appointed to carry out some of the specific functions to be performed by depositaries for EU AIFs, including cash flow monitoring, asset safekeeping and verification and transactions oversight duties, but the entities do not need to comply with the strict liability and eligibility requirements until post 2015 (and then only if the passport is sought).

\*\*The other requirements cover the need for Supervisory cooperation arrangements and 3rd country of the AIF or AIFM not listed as a NCCT. In addition for passporting 3rd countries will also have to enter tax information sharing arrangements and have a legal representative in their MS of reference.