

Compass – Our approach to helping fund managers with AIFMD

Alternative investment fund managers directive

AIFMD will have broad impacts for hedge fund, private equity and real estate fund managers who either manage assets or market in Europe. Depending upon the nature of the firms' strategy, fund managers may need to be compliant as early as July 2013.

In order to assist managers to efficiently but comprehensively prepare for AIFMD, we have developed Compass, a web –based methodology that provides a consistent, informed and efficient approach. Depending upon your needs, we can support you through each of the three phases of a regulatory adoption process.

Gap analysis

We gather an understanding of your current operations and map against the requirements. The fund manager receives a detailed analysis of their compliance gaps against the requirements of AIFMD and gains an understanding of areas of highest impact.

Directive evidence

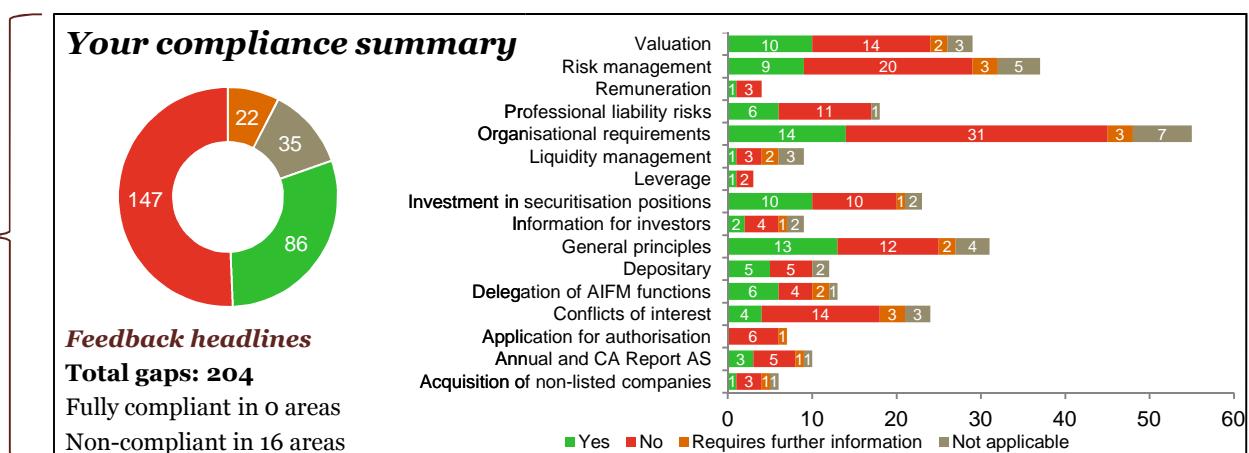
Fund managers can leverage PwC technology to centrally map policies against the Directive's requirements to demonstrate compliance to key stakeholders (e.g. regulator, investor, executive mgmt.)

Project management

For those gaps identified, we assist management in setting up a remediation plan. Implementation plans are created that assign tasks and timelines against each compliance gap. PwC technology can be leveraged to help monitor progress and report on status.

Compass provides a graphical representation of your gaps

Example
Gap Analysis
Output



Example
Project
Management
Output

PMO reporting dashboard									
Summary	Action Status		Due Last Week		Overdue		Due This Week		Tracker
Summary	Gap analysis			Actions	In progress	Complete	Evidence	Out standing	Complete
	Total	Compliant	Gaps		Total	Not started	In progress	Complete	
Application for authorisation	7	0	7	8	1	4	3	8	3
Leverage	3	1	2	1	0	1	0	3	0
Professional liability risks	17	6	11	6	2	0	4	20	4
General principles	27	13	14	9	1	4	4	33	4
Conflicts of Interest	21	4	17	0	0	0	0	30	0
Risk Management	32	9	23	0	0	0	0	44	0
Liquidity Management	6	1	5	0	0	0	0	14	0
Investment in Securitisation Positions	21	10	11	0	0	0	0	24	0
Organisational Requirements	48	14	34	0	0	0	0	65	0
Valuation	26	10	16	0	0	0	0	41	0
Depository	10	5	5	0	0	0	0	17	0
Delegation of AIFM functions	12	6	6	0	0	0	0	24	0
Information for investors	7	2	5	0	0	0	0	12	0
Annual and CA Report AS	9	3	6	0	0	0	0	17	0
Acquisition of non-listed companies	5	1	4	0	0	0	0	6	0
Remuneration	4	1	3	0	0	0	0	4	0
Other	0	0	0	0	0	0	0	0	0
									100%

Our four phases of gap analysis

The critical first step to any successful regulatory adoption process is a comprehensive gap analysis. Leveraging PwC's Compass methodology, we can complete an assessment in 3 weeks or less depending upon the complexity of your organisation and the availability of management.

	Initiate	Broaden understanding	Gather data	Reporting
Actions	<ul style="list-style-type: none">• Team introductions• Discuss objectives and management aims• Run through the process, clarifying management and organisation structure	<ul style="list-style-type: none">• Workshop with key stakeholders – understand future marketing, portfolio and risk management / territorial substance• Discuss governance arrangements and alternatives	<ul style="list-style-type: none">• Perform interviews with relevant business owners leveraging Compass to document results• AIFMD compliance owner reviews interview responses gathered by PwC	<ul style="list-style-type: none">• PwC completes report based on results of interviews. Report highlights areas of priority for the firm• We discuss our report in a closing meeting with management
Output/Outcome	<ul style="list-style-type: none">• Gap assessment plan with key milestones and outputs• List of interviewees by area of focus• Date and attendees for the workshop	<ul style="list-style-type: none">• Key stakeholders understand broad implications of AIFMD and alternative approaches considered• Obtain agreement on approach to compliance	<ul style="list-style-type: none">• Report provided to AIFMD compliance owner that details the firm's responses to our interviews and an initial summary compliance diagnostic• Discussions held to incorporate feedback into final report	<ul style="list-style-type: none">• Report on firm's current compliance with AIFMD• Proposed next steps to implement and evidence compliance with AIFMD

Other areas where PwC we can help

We can provide a breadth of services to assist fund managers in responding to AIFMD ranging from:

- Discussing on the requirements of AIFMD with key stakeholders
- Performing structural analysis to help management understand which entity is/could be the AIFM
- Implementation of the changes required to become compliant
- Assistance with regulatory application filings
- Providing solutions to meet ongoing investor and regulatory reporting requirements

Why PwC?

- We **understand the practical implications** of the regulations - our regulatory experts are focused on asset management, have the relevant experience and understand the alternative investment management industry.
- We have a **strong global network** which allows us to draw on expertise and share our knowledge across our member firms.
- On a global scale, we are the **largest asset management professional adviser** which allows us to bring our experience of industry practice to the project

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