

Feedback

Subject: ALFI feedback on European Commission impact assessment on the review of the AIFMD
Date: 7 January 2021
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We thank the European Commission for the opportunity to provide feedback on the inception impact assessment concerning the review of the Alternative Investment Fund Managers Directive (AIFMD).

According to this impact assessment, the major focus of the review should be on the directive's effectiveness and the aim of completing a single market for AIFs in the context of the Capital Markets Union (CMU). While it is certainly necessary to take into account more recent political, economic and social developments, **ALFI thinks that one should not deviate from the idea of a targeted review on the application and scope of the AIFMD as provided in Article 69(1) AIFMD.** The latter refers to an analysis of the experience acquired in applying this directive, its impact on investors, AIFs and AIFMs in the EU and third countries, and the degree to which the objectives of the AIFMD have been achieved. In our view, this makes it clear that **the general concept of a manager directive should not be put into question**, e.g. by introducing product specific rules on loan originating funds.

Overall, we concur with the Commission's conclusion that **the impact of the AIFMD on AIFs and AIFMs has been largely positive**, with the AIFMD playing an important role in creating an internal market for AIFs and reinforcing the regulatory and supervisory framework for AIFMs in the EU. The industry got used to the new manager related requirements, which also provided room for new product developments at national level.

The AIFMD is already known in many parts of the world, even though we would say that it is not yet at the same level as the UCITS brand. To ensure the development of a brand and the EU's competitiveness, **there is primarily a need for stability.** Improvements should at this stage focus on areas where clear issues have been identified. Given the conclusions drawn from the consultancy survey in 2019 and the Commission's report in 2020, ALFI is of the view that changes should mainly be of a technical nature, and they could be achieved at level 2 and/or level 3 of the Lamfalussy process.

From this perspective, **ALFI thinks that the UCITS framework and AIFMD should not be merged, and harmonised rules could only be appropriate in very few selected areas.** There are a number of reasons why both directives were calibrated differently (product regulation versus manager regulation, different investor types, different asset classes, different risk profiles and different processes and requirements for risk management, valuation and portfolio management). A single rulebook could have been envisaged when fund rules were introduced for the first time. Now we have two different successful brands, which should not be destabilised by creating meaningless general terms and sub-categories. The EU must be aware that the choice of investors worldwide for (European) products and the recognition of UCITS and EU AIFs as attractive investment vehicles are subject to the existence of a competitive regulatory framework combining flexibility and investor protection. This has been achieved by both UCITS and AIFMD and should not unduly be put at risk.

ALFI will respond to almost all questions raised by the European Commission in its consultation on the AIFMD review and stands ready for further feedback if required.

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