

## AIFMD review - how to tweak a successful framework

**Brussels, 25 November 2021 -** EFAMA welcomes the European Commission's review of the Alternative Investment Fund Management Directive (AIFMD), setting out targeted improvements to key provisions in the current framework. Such targeted improvements will make strides in advancing the Capital Markets Union. At the same time, they maintain the framework which has underpinned a decade of growth in the European Alternative Investment Fund (AIF) market and proven resilient even throughout recent market stresses.

Tanguy van de Werve, EFAMA Director General, commented: "Tweaking a successful framework is a science in its own right and requires measured judgement and data-based input from relevant sources. If co-legislators can maintain the right balance, the revised AIFMD will provide asset managers with a refined framework that is future-proof for our industry and for investors."

EFAMA supports the proposal's intent to harmonise the availability of liquidity management tools across EU jurisdictions. And the association is pleased to see the inclusion of certain Central Securities Depositories (CSDs) in the custody chain when providing services to UCITS and AIFs, which will enhance investor protection. EFAMA also welcomes the intention to mainstream the numerous reporting regimes applicable to AIFs and to reduce duplication among these. But the association equally points out that this should begin with an improved exchange of data between public authorities, particularly with central banks.

"Generally, liquidity management tools should evolve in line with market practices", says Federico Cupelli, EFAMA's Deputy Director for Regulatory Policy. "We caution against the introduction of overly prescriptive rules. The activation of these tools should be at the manager's discretion. It depends on the individual characteristics of the funds they manage."

As UCITS funds are already subject to strict product rules, EFAMA also questions the utility of introducing a reporting regime for them. Existing product rules include restrictions on eligible assets, financial borrowing and derivatives trading, all of which limit the systemic risks such funds may represent for the financial system. In addition, the association remains cautious around some of the proposed changes to the delegation and outsourcing requirements and the unintended consequences such changes may have on a tried and tested delegation regime that works to the benefit of investors.

EFAMA looks forward to engaging with the EU co-legislators, to ensure the review delivers on its objectives and remains targeted.

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## **Notes to Editors:**

Link to the European Commission proposal: 211125-proposal-aifmd en.pdf (europa.eu)

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## About the European Fund and Asset Management Association (EFAMA)

EFAMA is the voice of the European investment management industry, which manages over EUR 27 trillion of assets on behalf of its clients in Europe and around the world. We advocate for a regulatory environment that supports our industry's crucial role in steering capital towards investments for a sustainable future and providing long-term value for investors. More information available at <a href="https://www.efama.org">www.efama.org</a>.