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Financial Services and Markets

Directive on Alternative Investment Fund Managers - European institutions agree text in trialogue

On Tuesday 26 October, the proposed Directive on Alternative Investment Fund Managers once again inched closer to being settled.

Last week, European finance ministers agreed a version of the Directive text (see link below) with a view to its approval by the European Parliament at the Plenary session beginning on 10 November. At a trialogue meeting in Brussels on 26 October, this text was accepted (with some amendments, which are not yet public) by European parliamentarians, Member States and the European Commission. However, given the deeply political nature of the debate and the events of recent weeks, it cannot be assumed that the text is final, even now. Firms should therefore wait for the final text, which is expected to be formally adopted next month. We will publish a full briefing note on the Directive following its approval in Parliament.

<http://register.consilium.europa.eu/pdf/en/10/st15/st15053.en10.pdf>

Much media coverage suggests that the Directive text, as now drafted, will be welcomed by industry. These headlines may prove overly optimistic. There is no doubt that the text is an improvement on earlier versions, including the Commission's initial proposal of April 2009, not least because it is now more coherent. However, alternative investment fund managers will nonetheless be faced with significant costs and upheaval (and not only in relation to those aspects of the Directive that have been the most high profile in recent weeks). Other areas which have received less attention in the final stages of negotiation, including pay regulation, new capital requirements and the interposition of depositaries in fund structures, will present particular challenges for the industry.

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