

## AIFMD - Level 2 Implementing Procedures

**On the 19 December 2012 the European Commission adopted the Alternative Investment Fund Managers Directive (AIFMD) Level 2 implementing measures. These implementing measures were developed following technical advice submitted to the European Commission by the European Securities and Markets Associations (ESMA) on 16 November 2011.**

The level 2 measures implement regulatory and technical standards that elaborate on the general AIFMD requirements covering areas such as the general operating conditions of the Alternative Investment Fund Managers (AIFMs), the appointment, duties and functions of depositaries, the calculation of leverage and transparency requirements.

Initially the European Commission had estimated they would be adopting these implementing measures around September 2012. The European Parliament and the European Council have 3 months to register an objection to these implementing measures after which time they will enter force.

### Background to the AIFMD

The European Commission proposed a Directive on AIFMs in April 2009. The objective was to create a comprehensive regulatory and supervisory framework for AIFMs at the European level. The AIFMD seeks to provide harmonised regulatory standards for all AIFMs within scope. The FSA (and its successor organisations, particularly the FCA), in conjunction with HM Treasury, must implement the AIFMD by 22 July 2013. The implementation will require changes to primary and secondary legislation and to the FSA's Handbook. The FSA must also make numerous operational changes, including likely changes to the categorisation of certain firms and to certain regulatory returns.

The FSA is also engaged with the development of technical standards and guidelines by ESMA and, in conjunction with HM Treasury, the adoption of implementing measures by the European Commission.

The European Commission's stated objective is to create a comprehensive and effective pan European regulatory and supervisory framework for AIFMs. The European Commission's original proposal for the AIFMD was aimed at providing robust and harmonised regulatory standards for all AIFMs within scope, and to enhance the transparency of the activities of AIFMs and alternative investment funds towards investors and public authorities.



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