

16:15-17:30 - Panel 5 - Longchamp

***“Alternative Management: Key Drivers for the Asset Management Industry”***



Industry Insight on European Hedge Fund Markets



# **European hedge fund regulatory challenges**

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Executive Director**

**Alternative Investment Management Association**

# Hedge funds – a global business

- **MANAGERS**

UK 75%  
France 6%

- **FUNDS**

Cayman  
Bermuda  
EU: Ireland and Luxembourg  
*but onshore framework opening up ...*

- **ADMINISTRATORS**

Ireland  
Luxembourg

- **PRIME BROKERS**

London

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# THE EUROPEAN LANDSCAPE – FOR MANAGERS

Country	Regulated products	Retail	Min Inv
United Kingdom	Qualified Investor Scheme	No	None
	Fund of hedge funds	Not yet ...	
Ireland	Professional Investor Fund	No	€125,000
	Qualifying Investor Fund		€250,000
	Fund of hedge funds	Yes	None
Italy	<i>Fondi speculativi</i> Speculative fund	No	€500,000
	Fund of hedge funds		
France	<i>OPCVM à règles d'investissement allégées (ARIA)</i>	Yes	€125,000
	<i>OPCVM contractuels</i>		€250,000
	<i>OPCVM de fonds alternatifs</i> (fund of hedge funds)		€10,000
Luxembourg	Undertakings for collective investment pursuing alternative investment strategies	Yes	None
Germany	<i>Sondervermögen mit zusätzlichen Risiken</i>	No, but	None
	Fund of hedge funds	Yes	
Portugal	<i>Fundo Especial de Investimento</i>	Yes	€15,000
Spain	IIC de Inversión libre	No	€50,000
	<i>IIC de IIC de Inversión Libre</i> (fund of hedge funds)	Yes	None

# THE EUROPEAN LANDSCAPE – FOR INSTITUTIONAL INVESTORS

Member State	Insurance Companies	Pension Funds
France	✓ Allowable subject to several restrictions	× Not allowable
Germany	✓ Allowable subject to restrictions	× Allowable subject to restrictions
Italy	× Not allowable	✓ Allowable
The Netherlands	✓ Allowable – no restrictions	✓ Allowable – no restrictions
Spain	× Not allowable	× Not allowable – except if based in Basque country!
United Kingdom	✓ Allowable subject to restrictions	✓ Allowable

# CHALLENGES

- A minefield of regulatory hurdles
  - UCITS – or not UCITS?
  - CESR – eligible assets
  - MiFID
  - Prospectus Directive
  - CRD

and others ...

**SEC!**

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# THE WAY FORWARD?

- EC Hedge Fund Expert Group report



- Asset Management White Paper

- *Are we trying to fit a square peg into a round hole?*
- *Is harmonisation really possible?*

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