



Future Regulations of AIFMs

Open call with HM Treasury and the FCA

16 May 2025

Moderator's Welcome

Jacqui Bungay

Head of Policy

AREF

To ask a question during the call, please raise your hand. We'll be taking questions throughout and will unmute your microphone and camera when we're ready for you to speak.

Speakers for today



Charlotte Heywood

Gavin Haran

Fiona Barbullushi



Matilda Embling

Reform of the UK AIFM regime

Engagement with AREF

Treasury Consultation & FCA Call for Input

FCA / HMT

16 May 2025



Publication of Consultation/ Call for Input

- Alternative Investment Fund Managers Regulations consultation (HMT) – proposed changes to the legal framework.
- Call for Input: Future regulation of alternative fund managers (FCA) – opportunity for stakeholders to comment before we develop detailed rules and guidance for consultation.
- Deadline for responses – 9 June 2025

Key themes

- Issues with the current regime
- Thresholds
- Small registered regime
- Approach to VC funds
- Investment trusts
- Depositary requirements

Discussion of HMT and FCA questions (ordered thematically below)

A. Issues with the current regime

- 'Cliff-edge effects' – ability for firms to grow without abrupt/ significant changes to the requirements that apply
- Level of prescription – may be possible to achieve same outcomes without detailed procedural requirements
- Rules could apply more clearly to categories of firms based on their activities

FCA Q1 - Do you agree that the areas outlined above are issues with the current regime? If not, please explain why. Are there any issues beyond those that we have identified that we should consider when amending the regime?

FCA Q2 - Do you have any comments on structuring the presentation of our rules thematically based on the product cycle and business activities?

FCA Q16 - Do you have any comments on the approach to the risk management rules outlined in [Annex 1 of the Call for Input]?

Discussion of HMT and FCA questions (ordered thematically below)

B. Approach to the thresholds

- HMT propose to remove the legislative thresholds from legislation
- FCA are considering how to apply the rules to firms of different size

HMT Q1 - Do you agree with the proposal to remove the legislative thresholds from the AIFM Regulations, enabling the FCA to determine proportionate and appropriate rules for AIFMs of all sizes?

FCA Q3 - Do you agree with the principle of creating three levels of firms based on their size to achieve proportionality? If not, what alternative approach would you suggest?

FCA Q4 - Do you agree with our approach to rule-making for each level? If not, what alternative approach would you suggest?

FCA Q5 - Are there any benefits or costs associated with opting up to a higher threshold regime that we should consider when we draft rules? If you are an AIFM, would you consider opting up to a higher regulatory threshold?

Discussion of HMT and FCA questions (ordered thematically below)

C. Level of the thresholds (FCA questions included on next slide)

- Thresholds based on net asset value
- Lower threshold set at £100m NAV / upper threshold set at £5bn NAV (with consideration of approach to highly leveraged firms)

Table 4: Firms above different thresholds based on net asset value

Threshold	Number of firms	% of total leveraged AuM	% of total net asset value
>£25bn	17	21%	42%
>£10bn	38	73%	63%
>£5bn	64	78%	74%
>£2bn	124	93%	85%
>£500m	277	100%	96%
>£300m	357	100%	98%
>£200m	428	100%	99%
>£100m	527	100%	99%

Source: AIFMD reporting data as at 31/12/24

Discussion of HMT and FCA questions (ordered thematically below)

C. Level of the thresholds cont'd

FCA Q6 - Do you agree with the proposed levels of the thresholds? Do you have any other comments on the proposed levels and the metrics used for the thresholds?

FCA Q7 - Do you agree that we should make our expectations of risk management by highly leveraged firms clearer? Do you have any comments on the best way to achieve this?

Discussion of HMT and FCA questions (ordered thematically below)

D. Small registered regime

- HMT propose to remove the small registered regime

HMT Q2 - Do you agree that the Small Registered Regime should be removed, as it adds significant complexity to the regulatory perimeter?

HMT Q5 - Do you agree with the proposal to require managers of unauthorised property collective investment schemes and internally managed investment companies to seek FCA authorisation?

HMT Q6 - What would be the impact of requiring these firms to seek authorisation?

Discussion of HMT and FCA questions (ordered thematically below)

D. Venture capital (VC) and growth capital / social entrepreneurship funds (SEF)

- Potential for a bespoke regulatory regime for VC firms

HMT Q3 - What should [HMT] take into consideration when we review the SEF/RVECA regulations?

HMT Q4 - How should the Government approach the regulation of Venture Capital fund managers in future?

FCA Q8 - Do you see a need for a separate regime for venture capital and growth capital funds? Are there any other areas where we should consider setting up tailored regimes?

Discussion of HMT and FCA questions (ordered thematically below)

E. Listed closed-ended investment companies (LCICs) – ‘investment trusts’

- LCICs to remain in-scope of AIFM regulation for financial stability and consumer protection reasons
- FCA to consider opportunities to create a more proportionate regime (taking into account characteristics of LCICs and the broader regulatory framework)

HMT Q7 - Do you agree with the Government’s proposals for the future regulation of Listed Closed-Ended Investment Companies?

HMT Q8 - Are there any unintended consequences associated with Listed Closed-Ended Investment Companies, including those which are internally managed, being in scope of AIFM Regulation?

HMT Q9 - If the Government were to consider an alternative approach, such as removing certain Investment Companies from scope of the regulation, should this be limited to closed-ended investment companies listed on the London Stock Exchange, or should other types of closed-ended investment company be captured?

HMT Q10 - Do you consider there to be any duplication in AIFM Regulation and other regulatory requirements imposed upon Listed Closed-Ended Investment Companies, which the FCA should account for when proposing rules?

FCA questions re LCICs included on next slide

Discussion of HMT and FCA questions (ordered thematically below)

E. Listed closed-ended investment companies (LCICs) – ‘investment trusts’ cont’d

FCA Q9 - Do you have any comments on our planned approach to set different rules for managers of LCICs?

FCA Q10 - Do you have any comments on our proposed approach to applying the thresholds in the same way to LCICs as to other types of AIF?

FCA Q11 - Given the role of an LCIC’s board of directors, are there any areas that would benefit from us clarifying our expectations of AIFMs and/ or any requirements that should not be retained in so far as they apply to the AIFMs of LCICs?

FCA Q12 - Do you have any comments on our proposed areas of reform for LCICs? Are there any further areas of the regime where different requirements should apply to the AIFMs of LCICs? If so, please explain how the requirements should apply differently and why this is the case.

Discussion of HMT and FCA questions (ordered thematically below)

F. Depository requirements

- FCA - sees no immediate need to make radical changes to how asset safekeeping and fund oversight should be carried out for large and mid-size AIFMs but welcome input from stakeholders on whether they would like us to explore proportionate alternatives that meet global regulatory standards.
- FCA do not expect to change the rules that are unique to depositaries of authorised funds.

FCA Q13 - Do you see a need for changes to the regime's depository requirements? Should these requirements apply only to specific levels of firm or certain types of fund, such as authorised funds? Should our regime seek to align its depository rules with those of another jurisdiction or jurisdictions?

Discussion of HMT and FCA questions (ordered thematically below)

G. Equality and Diversity considerations

- We welcome any comments on the equality and diversity implications of our proposals

FCA Q14 - Could any of the ideas in this Call for Input adversely impact any of the groups with protected characteristics i.e. age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment?

FCA Q15 - Are there other steps we could take to improve outcomes for fund investors or potential investors with any of these protected characteristics?

Discussion of HMT and FCA questions (ordered thematically below)

H. Other HMT questions

Question 11 - Do you agree with the proposal to transfer definitions underpinning the regulatory perimeter to legislation?

Question 12 - Do you agree with the proposal to maintain the National Private Placement Regime? Do you have any concerns with how the Regime currently operates?

Question 13 - Should the requirement to notify the FCA 20 days prior to marketing be removed and what impact would this have for firms and investors?

Question 14 - Should the requirement for AIFMs to notify the FCA in relation to acquisition of non-listed companies, be removed or should this information be provided elsewhere?

Question 15 - Should the liability for external valuers be reviewed, and would any additional safeguards be required?

HMT consultation - questions

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Question 2 - Do you agree that the Small Registered Regime should be removed, as it adds significant complexity to the regulatory perimeter?

Question 3 - What should we take into consideration when we review the SEF/RVECA regulations?

Question 4 - How should the Government approach the regulation of Venture Capital fund managers in future?

Question 5 - Do you agree with the proposal to require managers of unauthorised property collective investment schemes and internally managed investment companies to seek FCA authorisation?

Question 6 - What would be the impact of requiring these firms to seek authorisation?

Question 7 - Do you agree with the Government's proposals for the future regulation of Listed Closed-Ended Investment Companies?

Question 8 - Are there any unintended consequences associated with Listed Closed-Ended Investment Companies, including those which are internally managed, being in scope of AIFM Regulation?

Question 9 - If the Government were to consider an alternative approach, such as removing certain Investment Companies from scope of the regulation, should this be limited to closed-ended investment companies listed on the London Stock Exchange, or should other types of closed-ended investment company be captured?

Question 10 - Do you consider there to be any duplication in AIFM Regulation and other regulatory requirements imposed upon Listed Closed-Ended Investment Companies, which the FCA should account for when proposing rules?

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Contact details

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FCA Call for Input – questions

Question 1 - Do you agree that the areas outlined above are issues with the current regime? If not, please explain why. Are there any issues beyond those that we have identified that we should consider when amending the regime?

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Question 13 - Do you see a need for changes to the regime's depositary requirements? Should these requirements apply only to specific levels of firm or certain types of fund, such as authorised funds? Should our regime seek to align its depositary rules with those of another jurisdiction or jurisdictions?

Question 14 - Could any of the ideas in this Call for Input adversely impact any of the groups with protected characteristics i.e. age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment?

Question 15 - Are there other steps we could take to improve outcomes for fund investors or potential investors with any of these protected characteristics?

Question 16 - Do you have any comments on the approach to the risk management rules outlined in annex 1?



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Q&A

Please raise your hand if you have any further questions to ask. We will unmute your microphone and camera when we're ready for you to speak.

If you have any questions you would like AREF to ask FCA and HM Treasury anonymously after this event, please send these to Jacqui Bungay by email: jbungay@aref.org.uk



Thank you for attending