

February 27, 2013

VIA ELECTRONIC MAIL

AIFMD Transposition
Financial Regulation and Markets
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

RE: Consultation Paper on the Transposition of the Alternative Investment Fund Managers Directive

Dear Sir or Madam:

The Investment Adviser Association (IAA) is writing with respect to HM Treasury's Consultation Paper concerning transposition of the Alternative Investment Fund Managers (AIFM) Directive in the UK. The IAA is a not-for-profit US association that represents the interests of investment adviser firms registered with the US Securities and Exchange Commission (SEC). The IAA's membership consists of investment advisory firms that manage assets for a wide variety of institutional and individual clients, including pension plans, trusts, investment funds, endowments, foundations, and corporations, and many of our members manage assets on behalf of clients in the European Union.¹ Our comments on the Consultation relate to the UK's proposed implementation of the transitional provisions in Article 61(1) of the Directive.

Under Article 42 of the Directive, non-EU AIFMs may continue to market AIFs in the UK and other EU Member States under applicable private placement regimes, under certain circumstances. One of the conditions to such marketing, however, is the establishment of cooperation agreements between the EU Member State and the non-EU manager's supervisory authorities.² According to published reports, cooperation agreements are in place with only two non-EU countries, Switzerland and Brazil, and the timing for finalization of other such agreements is not clear. In addition, the draft regulations accompanying the Consultation Paper indicate that, in order to fall within the UK's private placement regime, non-EU AIFMs must request to be included on the Article 42 register by applying to the Financial Conduct Authority (FCA). The draft regulations would allow the FCA 20 working days to act on such applications. The Financial Services Authority, the predecessor to the FCA, has not yet established the

¹ For more information, please visit our web site: www.investmentadviser.org.

² The Directive's delegation provisions also require such cooperation agreements.

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procedure for these applications, however. Until the cooperation agreements and the procedures are in place, non-EU managers may not be able to apply for inclusion on the register.

The Consultation Paper appears to contemplate, however, that both of these conditions, the establishment of the cooperation agreements and the manager's inclusion on the Article 42 register, must be satisfied by July 22, 2013, in order for non-EU AIFMs to be able to continue to market in the UK under the private placement regime after that date. If the UK law takes this approach and the cooperation agreements and the application process are not put into place in the near future, then non-EU AIFMs may be precluded from marketing their funds in the UK under the private placement regime from July 22, 2013 until these conditions are satisfied. Such a result would significantly disrupt the market for such funds; therefore, we submit that the UK law should, under Article 61(1) of the Directive, allow non-EU managers to satisfy the cooperation agreement, application and other Article 42 criteria by July 22, 2014. This would give our members time to adapt to the new regulatory regime and would address in a constructive way the position of extreme uncertainty our members find themselves in as July 22, 2013 approaches.

Please contact the undersigned or Karen Barr, IAA General Counsel, at (202) 293-4222 for any additional information regarding our comments.

Sincerely,

/s/Kathy D. Ireland
Kathy D. Ireland
Associate General Counsel