



## Mazars' Insights on AIFMD II

# Navigating the regulatory landscape

**On 26 February 2024, the European Council adopted the Directive relating to Alternative Investment Fund Managers (AIFMD). This follows its adoption by the European Parliament on 7 February 2024.**

**The new rules of the adopted Directive will come into effect in the first quarter of 2026.**

**The reporting requirements will apply by the first quarter of 2027.**

AIFMD II, which is the revision of AIFMD which came into force in 2011, not only seeks to endorse regulatory developments but also to address practical issues and adapt to recent global changes. The intention is to establish common rules for loan-originating AIFs, refine delegation standards for AIFMs, improve cross-border access to depositary services, improve supervisory data gathering, and strengthen liquidity management practices across the EU.

Who is Concerned:



AIFMs



NCAs



Fund administration

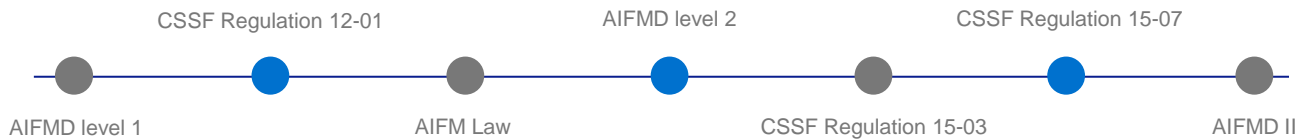


AIFs



Depository

Over a decade of regulatory evolution...



Key amendments:

- **Clarifies activities** falling under the definition of **Loan Origination Funds (LOFs)**. This means that indirect loan origination activities via a third party or a SPV fall in the scope of LOFs. Among other rules, the new regime sets limits on leverage, risk retention and concentration risk as well as certain rules to avoid conflicts of interests.
- **Focuses on the appropriateness of delegation arrangements** through requirements of specific notifications as well as regulatory reporting. AIFs will be required to notify NCAs before delegating. ESMA will provide an analysis of delegation practices to co-legislators.
- **Introduces procedures** for activating and deactivating **Liquidity Management Tools (LMTs)**. AIFs shall select a minimum of two LMTs for open-ended funds. Additionally, ESMA will publish guidelines on the selection and calibration of LMTs.
- **Identifies fees and charges allocated to AIFs**, with corresponding disclosure and periodic reporting on all fees, charges and expenses. ESMA will provide a report to the co-legislators assessing the costs charged by AIFMs and issue guidelines.
- **Increases transparency towards investors** by mandating more detailed disclosures about the activities and risks of AIFs (especially LMTs and fees and charges).
- **Enhances supervisory reporting by AIFMs**, eliminating redundant requirements and improving data gathering and sharing for supervisory purposes.
- **Encourages AIFMs** to include at least one independent or non-executive director within their governing body when overseeing AIFs that are marketed to retail investors.
- **Allows for the provision of cross borders depository services** but the AIFM will have to demonstrate the lack of appropriate depository services in the AIF Member State. It further introduces CSDs in the custody chain. The requirement for depositories to perform ex-ante due diligence checks where the custodian qualifies as a CSD are removed.

What Mazars can do for you:

- Assistance in updating the policies & procedures.
- Assistance in the drafting of reporting requirements.
- Guidance in delegation arrangements.
- Regulatory hotline & Gap analysis.
- Support in selecting and implementing Liquidity Management Tools.
- Assistance in setting up secured data collection pipelines.
- Support in Fund Risk Management modelling and stress testing.

# Contacts

**Gianfranco Mei** - Partner GRIC

[Gianfranco.Mei@mazars.lu](mailto:Gianfranco.Mei@mazars.lu)

**Guillaume Brousse** - Partner Audit

[Guillaume.Brousse@mazars.lu](mailto:Guillaume.Brousse@mazars.lu)

**Eric Decoster** - Partner Audit

[Eric.Decoster@mazars.lu](mailto:Eric.Decoster@mazars.lu)

**Sophie Vedrine-Binninger** - Partner GRIC

[Sophie.Vedrine-Binninger@mazars.lu](mailto:Sophie.Vedrine-Binninger@mazars.lu)

**Davis Maze-Maze** - Partner Risk Management

[Davis.Maze-Maze@mazars.lu](mailto:Davis.Maze-Maze@mazars.lu)

**Matthieu Brizard** - Partner Internal Audit

[Matthieu.Brizard@mazars.lu](mailto:Matthieu.Brizard@mazars.lu)

**Matthieu Duponchel** - Partner ICT Risk

[Matthieu.Duponchel@mazars.lu](mailto:Matthieu.Duponchel@mazars.lu)

**Alice Aliquo** - Senior Manager GRIC

[Alice.Aliquo@mazars.lu](mailto:Alice.Aliquo@mazars.lu)

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 100 countries and territories around the world, we draw on the expertise of more than 50,000 professionals – 33,000+ in Mazars' integrated partnership and 17,000+ via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*Where permitted under applicable country laws

[www.mazars.lu](http://www.mazars.lu)

**mazars**