



# A new way of accessing Europe's EUR19trn market

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***When AIFMD was introduced into European law two years ago, it set a new benchmark globally for fund governance. This shut out the majority of US hedge funds from marketing to a significant number of European investors.***

"US hedge funds have woken up and realised that there are actually some practical solutions that exist within the market to help managers to access European capital. Working with third party AIFM/UCITS ManCos, setting up their strategies on platforms or simply getting support to privately place funds under Private Placement," says Daniel Maycock (pictured) of Lawson Conner, a market leader in investment management solutions for the hedge fund industry.

"We are seeing a significant uptake in demand for managers wishing to establish parallel fund structures but who do not wish to undertake the burden of applying for the regulatory approvals to become an AIFM in Europe. As such, appointing a third party AIFM works particularly well for mid-sized managers, as they have a much quicker route to market and have a trusted partner who truly understands the European regulatory landscape," explains Maycock.

"We still see some US managers shying away from Europe, despite it being a market with in excess of EUR19 trillion of investable assets; that's a market no one can stay away from. Selecting a partner in the right jurisdiction is paramount for success though, as investors will always want to see where you are regulated. The regulated entities within Lawson Conner are all FCA-registered, something investors prefer over AIFMs regulated in other jurisdictions in Europe. One could argue that this is because the FCA carries the gold standard globally in financial regulation and consequently the UK is a harder market in which to establish an AIFM," says Maycock.

That may be so. If, however, US managers feel it is too early to start establishing a footprint on the ground, the other option available, at least until 2018, is to privately place their offshore fund under NPPR rules. To support non-EU managers, Lawson Conner has built a solution referred to as "EU Access".

As Maycock explains: "When AIFMD was implemented, a lot of clients were confused as to what that meant from a European capital raising perspective. Most wanted to continue marketing their existing offshore structure and most had received conflicting views from legal counsel about their ability to do this. We saw this as an opportunity to structure a simple, practical and cost effective solution through private placement."

Maycock stresses that despite there being 29 EU Member States, private placement should be viewed as a viable alternative to the marketing passport; after all, the vast majority of investable assets are concentrated in a core number of markets including the UK, the Netherlands, Germany, the Nordics and Switzerland (although it lies outside the EU).

"EU Access provides a full-service approach to private placement compliance. We assist managers to attain all the relevant regulatory licenses with the regulators and provide all reporting, notifications and necessary disclosures both during and after the marketing phase.

"As we have the compliance knowledge of what can and can't be done from a marketing perspective, EU Access can be utilised as a way for non-EU managers to feel in control, and in compliance of local private placement rules and regulations. The incredible demand we have had for the service has really surprised us and it looks like everyone wants a piece of the EUR19 trillion European capital pie," concludes Maycock