



## **NOTE**

### **The Danish Government's response to the consultation on the review of the Alternative Investment Fund Managers Directive.**

The Danish Government believe that the AIFM regime generally functions well and is a success story. Therefore, changes should be targeted to address concrete matters. However, the consultation document is very general and gives the impression of a more extensive revision, which we would caution against.

However, one area where there is need of improvements in the AIFM regime concerns investor protection, so investors get direct and relevant information corresponding to their investment activities. At this moment, the AIFMD has a limited focus on investor protection, and it is predominantly a regime targeted to professional investors. In light of the development of the number of AIFM's and investments in alternatives from retail investors, there is a need for further attention on ensuring a high and consistent level of investor protection in the Directive.

In regard of cases where an AIFM provides services to a MiFID investment firm, the AIFMD does not specify the extent or securitisation of the positions between the two parties. As a result, there has been uneven conditions between the companies since the AIFM's are less restricted, and they can apply their services in multiple activities. This should be addressed to create level playing field and consistent rules.

While we do not believe we should touch upon UCITS rules in this context we do wish to make one observation as the consultation touches upon the issue of UCITS. In the event that UCITS and AIFM's gain double permission, it is important that there is a sufficient amount of harmonisation between the two areas. These investment funds cover a wide range of different profiles, at least in their origins. Therefore, it is important to avoid unnecessary burdens in double regulation for similar conditions between the different fund types, and focus on where there may be relevant differences. In this connection, it is also important to look at the interaction with MIFID requirements, so that we prevent regulatory arbitrage.

The AIFMD's rules are general and can therefore accommodate the different types of AIFM's, which is positive. However, we believe there is merit in further convergence being established through targeted delegated acts and ESMA guidelines.

The Danish Government look forward to our continued dialogue on the future of the AIFMD, and we are ready to engage with the Commission for any further information that your services may require.

In addition to these key points, the Danish Government have submitted answers to the specific questions in the Commission consultation paper.