

## **Review of EU rules on alternative investment fund managers**

The Norwegian Securities Dealers Association is a national trade organisation for investment firms. We welcome the opportunity to provide feedback on the legislative proposal concerning the review of the Alternative Investment Fund Managers Directive (AIFMD), and we have the following remarks:

The proposed art. 8(1)(c) requires that at least two natural persons resident in the Union should be employed on a full-time basis or committed full-time to conduct the business of the AIFM. This new requirement will be problematic for small managers, which in a start-up phase only have the resources for part-time positions. Further, for small managers the actual tasks required by law do not necessarily fill two full-time positions. In Norway we also have a number of syndicates, primarily real estate syndicates, that are regulated under the AIFMD.

In a real estate syndicate, investors pool their capital to invest in larger properties that may otherwise be too expensive for them individually. All administrative work, inter alia relating to following up tenants and positioning the property for a future sale, is outsourced to a professional property manager and business manager. After 2019, when the Norwegian Financial Supervisory Authority published a circular regarding syndicates and the definition of alternative investment funds, many syndicates in the Norwegian market have been structured as alternative investment funds, either internally managed/self-managed in accordance with the relevant thresholds of the AIFMD (MEUR 100/500) or externally managed by an AIFM if the value is above relevant thresholds.

The day-to-day management of the company owning the property (business management) and the property (property management) is normally outsourced to a professional business manager and property manager. The syndicate has a separate board of directors. The AIF manager's role is therefore to a large extent focused on having an active role in connection with the establishment and the realization of the syndicate/AIF. In addition, the AIF manager must supervise its distributor in relation to inter alia MiFID client classification and anti-money laundering compliance.

Although it requires significant resources from the AIFM in connection with the establishment of a syndicate, it can be challenging to have two persons employed on a full-time basis at any given time. If the proposed art. 8(1)(c) is adopted, the flexibility in the current legislation will disappear, and the investment possibilities as well. We recommend keeping the current wording in art. 8(1)(c) of AIFMD.

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Norwegian Securities Dealers Association