

# **Marketing Private Funds**

---

In the EU

Asian and US managers marketing in Europe is a well-trodden path. The draw is that Europe is the second largest pool of capital, after the US, with almost €120bn raised in 2021.

However, EU regulators are increasing their scrutiny of the marketing and distribution of alternative funds. Recent new rules on “Pre Marketing” represent the most wide ranging changes since the regulations were first introduced in 2014.

There are three main options to stay on the right side of the rules:

## 01 National Private Placement Regimes (“NPPR”)

This allows third country managers (e.g. UK, US, Singapore) of third country funds (e.g. Cayman, Delaware, Guernsey, Jersey) to market the funds they manage into certain EEA jurisdictions.

- Key jurisdictions where NPPR are either unavailable or unworkable: Austria, France, Italy, Portugal and Spain
- When marketing a third country fund in Denmark or Germany via NPPR, a DepCo (“Depo Lite”) is needed

### Our solutions

- Assist managers to make NPPR notifications in the following jurisdictions: UK, The Netherlands, Norway, Sweden, Ireland and Belgium
- Compliance addendum and assistance with regulatory disclosures, notifications and ongoing reporting obligations
- Depo Lite solution for managers using NPPR in Germany and Denmark

## 02 Set up a parallel EU fund

An EU fund qualifies for the AIFMD marketing passport, allowing it to be marketed in all 30 EEA jurisdictions. Funds typically set up in Ireland or Luxembourg, using a third-party EU host-AIFM, to avoid the regulatory and substance burden of setting up a sponsor-owned AIFM.

- The passport means the EU AIFM only needs to notify their home state regulator who has up to 20 days to make notification to other regulators
- Different jurisdictions impose different fees for passporting
- The EU AIFM can delegate portfolio management to a manager outside the EU
- If a US or Asian manager plans to open a UK office to advise or manage European assets on the same time-zone, then portfolio management can be delegated to a UK appointed representative or direct FCA authorised manager

### Our solutions

- Third party EU host-AIFM services in Ireland and Luxembourg
- UK appointed representative services
- Managing applications for firms to become directly authorised by the UK FCA

## 03 UK listed funds

Funds can be listed on markets of the London Stock Exchange (“LSE”), where EEA investors can either invest at the time of the fund’s Initial Public Offering (“IPO”) or buy shares on the secondary market. Funds typically engage a third-party UK host-AIFM to avoid the regulatory and substance burden of setting up a sponsor-owned UK AIFM.

- Funds have a closed-end structure with a fixed number of shares in issue, meaning that fund managers can fully invest for the long term by adhering to the investment policy and avoid cash drag
- Over 450 LSE listed investment funds with over \$320bn in market capitalisation, investing in more than 70 subsectors, providing access to a range of geographies and asset classes including ESG funds and alternative asset classes, venture capital, private equity, infrastructure and real estate

### Our solutions

- Third party UK host-AIFM services
- Assistance with NPPR notifications and ongoing reporting obligations, where a UK listed fund is actively marketed into an EU jurisdiction

## About us\*

We are IQ-EQ, a leading investor services group employing over 4300 people across 24 jurisdictions worldwide. We bring together that rare combination of global expertise with a deep understanding of the needs of our clients. We have the know how and the know you to support fund managers, global companies, family offices and private clients.

## Key contacts

If you would like to find out more, please contact Edwin Chan, Paul Giblin, Fèmy Mouftaou, Andrew Shrimpton or Rachel Aldridge. They would be delighted to speak with you.



### Edwin Chan

Chief Commercial Officer, UK & Ireland

**E** [edwin.chan@iqeq.com](mailto:edwin.chan@iqeq.com)  
**T** +44 20 7397 6923



### Paul Giblin

Managing Director, IQ-EQ Fund Management, Ireland

**E** [Paul.Giblin@iqeq.com](mailto:Paul.Giblin@iqeq.com)  
**T** +353 190 39337



### Fèmy Mouftaou

Managing Director, IQ-EQ Fund Management, Luxembourg

**E** [femy.mouftaou@iqeq.com](mailto:femy.mouftaou@iqeq.com)  
**T** +352 466111 2298



### Andrew Shrimpton

Chair, Regulatory & Compliance Solutions, UK

**E** [andrew.shrimpton@iqeq.com](mailto:andrew.shrimpton@iqeq.com)  
**T** +44 20 7397 5469



### Rachel Aldridge

Managing Director, Regulatory & Compliance Solutions, UK

**E** [rachel.aldridge@iqeq.com](mailto:rachel.aldridge@iqeq.com)  
**T** +44 20 7397 5450

\*Information correct as of 6 October 2022

This document is provided for information purposes only and does not constitute legal, tax, investment, regulatory, accounting or other professional advice. For more information on the legal and regulatory status of IQ-EQ companies please visit [www.iqeq.com/legal-and-compliance](http://www.iqeq.com/legal-and-compliance)

Reference: IH458\_10102022\_2  
 © IQ-EQ 2022

Find out more  
[www.iqeq.com](http://www.iqeq.com)

Follow us

