The Alternative Investment Fund Managers Directive

OLD ASSUMPTIONS DO NOT APPLY

Frankfurt 1st October 2009

John Siena
Agenda

- Implications for investors, the industry and for Europe
- Industry association efforts
- The state of play in Brussels
- Next steps and the need for engagement
Regulatory Environment in Luxembourg

SECURITISATION

- UNREGULATED FUNDS - SOPARFI
- SICAR Société d’Investissement de Capital à Risque
- SIF Specialised Investment Fund
- Non-UCITS Part II Fund
- UCITS

Degree of regulation
- Institutional and … investors
  - More lightly regulated
- Allows retail investors

<table>
<thead>
<tr>
<th>PRODUCT REGULATION (1)</th>
<th>AIFM Directive</th>
<th>Luxembourg</th>
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</thead>
</table>
| EU Depositary          | Independent depositary | Significant Lux. depositary experience for 3rd country funds  
|                        |                 | *New challenge for enhanced depositary function* |
| Administration         | Significant Lux. administration experience for 3rd country funds | |
| Valuation              | Independent pricing | Independent central administration  
<p>|                        |                 | <em>Best practice</em> |</p>
<table>
<thead>
<tr>
<th>PRODUCT REGULATION (II)</th>
<th>AIFM Directive</th>
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<tbody>
<tr>
<td>Disclosure to unlisted companies</td>
<td>New challenge</td>
<td></td>
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<tr>
<td>Leverage</td>
<td>Subject to authorization above certain limits</td>
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<tr>
<td>Liquidity management</td>
<td>Reviewed for fund approval</td>
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<td>PLACEMENT &amp; DISTRIBUTION</td>
<td>AIFM Directive</td>
<td>Luxembourg</td>
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<td>Professional investors</td>
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<td>Well-informed investors (SIF/SICAR)</td>
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<td>More general than professional investors under MiFID</td>
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<tr>
<td>Investor disclosures</td>
<td></td>
<td>Industry practice broadly in line with AIFM Directive</td>
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<td>Marketing – product passport</td>
<td></td>
<td>EU private placement regime</td>
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<td>New opportunity</td>
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Industry Association Efforts

- Global Level: AGC
- European Level: EFAMA, ETDA
- Member State Level Associations: asset managers, private equity managers, real estate managers, investment banks, depositaries, investors
- Non-EU Associations: ISSA
- Non-EU states
State of Play in Brussels

- Alternative Investment Fund Managers Directive
- Undertakings for Collective Investment in Transferable Securities (UCITS IV)
- UCITS Depositary Consultation - CESR Report on Depositary Obligations
- Securities Holdings and Dispositions Consultation
Most recent timetable (per French Rapporteur) in the European Parliament:

- Second EV (with working doc): 6 Oct 2009 (11h00 to 12h00)
- Hearing: 9-10 November 2009
- Presentation of draft report: 1-2 December 2009
- Deadline for AMs: 21 January 2010
- Consideration of AMs: 22-23 February 2010
- 2nd consideration of AMs: 16-17 March 2010
- Vote in ECON: 12 April 2010
- Trialogues with Council /COM: May 2010
- Vote in plenary: July 2010
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