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Political Agreement Reached on Proposed Directive Amending Both AIFM and UCITS Directives



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On 20 July 2023, the Council of the EU announced that it has reached political agreement with the European Parliament on the proposed Directive amending the Alternative Investment Fund Managers Directive (2011/61/EU) and the UCITS Directive (2009/65/EC) relating to delegation arrangements, liquidity risk management, supervisory reporting, provision of depositary and custody services, and loan origination by alternative investment funds (2021/0376 (COD)). (We previously wrote about this [here](#).)

The measures that have now been agreed include requirements that are intended to:

- enhance the integration of asset management markets in the EU and modernise the framework for key regulatory aspects;
- enhance the availability of liquidity management tools, with new requirements for managers to provide for the activation of these instruments;
- establish an EU framework for funds originating loans, which include requirements aimed at alleviating risks to financial stability and to ensure an appropriate level of investor protection;
- enhance the rules for delegation by investment managers to third parties;
- enhance data sharing and co-operation between regulatory authorities;
- establish new measures to identify undue costs that could be charged to funds and passed on to their investors; and
- establish new rules to prevent potentially misleading names.

The political agreement is subject to the approval of the Council and Parliament before going through the formal adoption procedure. The agreed revised text of the legislative proposal has not yet been published, but we will be following up with more detail on the final text of the agreed measures in the near future.
