

**KPMG Survey on the functioning of the AIFMD**

**Answer from BETTER FINANCE**

**24633926420-79**

The European Federation of Investors and Financial Services Users, going by the brand name « BETTER FINANCE », is an independent organisation of public interest and centre of expertise advocating and defending the interests of individual investors, private shareholders and users of financial services vis-à-vis the European authorities and lawmakers.

BETTER FINANCE federates about 30 national associations which in turn represent about 4.5 million European citizens as savers and investors.

**APPROPRIATE AUTHORISATION AND REGISTRATION REQUIREMENTS**

AIFMD seeks to ensure that all Alternative Investment Fund Managers (AIFMs) are subject to appropriate authorization or registration requirements (including minimum capital, and fit and proper requirements). In particular, the minimum thresholds for AIFMs (based on total AIF assets under management) were designed to be appropriately set to meet this objective. It also requires an appropriately authorized depository for EU/EEA AIFs.

**1. Are you aware of differences in interpretation of the definition of an AIF or in the formation of investment vehicles that might adversely impact competitiveness within the industry or investor protection?**

- YES
- NO
- Don't know

*Please briefly explain why:*

**2. Are you aware of any market practices that enable AIFM-like firms not to be classified as AIFMs and therefore to be outside the AIFMD requirements for AIFMs?**

- YES
- NO
- Don't know

*Please briefly explain why:*

**Please indicate to what extent you agree with the following statements about AIFMs that are, or that choose to be, subject to the full AIFMD requirements.**

**3. AIFMs provide a high standard in AIF management that is comparable to or better than standards in other jurisdictions around the globe.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree

*Please briefly explain why:*

**4. AIFMs provide a high level of investor protection. \***

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree

*Please briefly explain why:*

BETTER FINANCE has already stated that AIFs offer low level of investor protection in its Briefing paper on CMU <sup>1</sup> and even called to ban AIFs. Indeed, as demonstrated in this Briefing Paper, private investors suffer from a plethora of funds in Europe compared to the US, the induced very small average size of EU domiciled funds is a key driver for fees more than twice higher on average in Europe (in the example of equity funds), not mentioning the added complexity and difficulty to choose a fund for European private investors. On the contrary, UCITS funds (which tend to be larger, cheaper, more transparent and internationally distributed) are rarely marketed to private investors since intermediaries prefer to sell them more expensive and less transparent "AIFs".

**5. AIFMs provide a high level of transparency with regard to their services.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree

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<sup>1</sup> [http://betterfinance.eu/fileadmin/user\\_upload/documents/Research\\_Reports/en/CMU\\_Briefing\\_Paper\\_-\\_For\\_Print.pdf](http://betterfinance.eu/fileadmin/user_upload/documents/Research_Reports/en/CMU_Briefing_Paper_-_For_Print.pdf)

*Please briefly explain why:*

**6. AIFMs provide a high level of transparency with regard to the AIFs they manage.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree

*Please briefly explain why:*

**7. Please indicate to what extent you agree with the following statements about sub-threshold AIFMs?**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

**8. In practice there is no significant difference in the professional standards of sub-threshold and full-scope AIFMs.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

**9. Sub-threshold AIFMs provide similar disclosures to full-scope AIFMs.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree

- No opinion

*Please briefly explain why:*

**10. Sub-threshold AIFMs follow similar risk management standards to full-scope AIFMs.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

**11. Sub-threshold AIFMs manage conflicts of interest to the same standards as full-scope AIFMs.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

**DISCLOSURE TO PUBLIC AND INVESTORS (ART. 22, 23)**

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**Please indicate to what extent you agree with the following statements on the impact of AIFMD on the information provided to investors prior to investment.**

**12. Content of disclosure has expanded.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

**13. Quality of disclosure has improved.**

4/10

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

**14. The disclosure does not duplicate information provided elsewhere.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

**15. Disclosure is consistent across the EU/EEA.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

Please provide brief information on any of these points, if you wish:

For retail investors, AIFMD disclosures rules are much weaker than for UCITS funds: no standardized (comparable) short and plain language disclosure document.

**16. Frequency of reporting has increased.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

**17. Content of reporting has expanded.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

**18. Quality of reporting has improved.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

**19. This reporting does not duplicate information provided in other reports.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

**20. Reporting is consistent across the EU.**

- Fully agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Fully disagree
- No opinion

*Please briefly explain why:*

## SPECIFIC INVESTMENT TYPES

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### TO WHAT EXTEND DO YOU BELIEVE AIFMD HAS IMPACTED:

#### 21. Investment in private equity or venture capital?

- Strongly increased
- Somewhat increased
- Unchanged
- Somewhat decreased
- Strongly decreased
- No opinion

*Please briefly explain why:*

#### 22. Investment in or for the benefit of developing countries?

- Strongly increased
- Somewhat increased
- Unchanged
- Somewhat decreased
- Strongly decreased
- No opinion

*Please briefly explain why:*

#### 23. Investment in real assets ?

- Strongly increased
- Somewhat increased
- Unchanged
- Somewhat decreased
- Strongly decreased
- No opinion

*Please briefly explain why:*

## MARKET AND COMMERCIAL IMPACTS

#### 24. Do you believe that retail investors are impacted by AIFMD?

- Yes
- No

Unfortunately, retail investors have been negatively impacted by AIFMD since it offers low level of protection. AIFs are massively sold to retail investors since intermediaries prefer to sell them than to UCITS funds which are cheaper and more transparent.

**25. Do you believe that AIFMD has had positive impacts for retail investors, directly or indirectly?**

- Yes
- NO

*Please briefly explain why:*

**26. Do you believe that AIFMD has had adverse impacts for retail investors, directly or indirectly?**

- Yes
- No

*Please briefly explain why:*

## **IMPACT OF AND INTERPLAY WITH OTHER LEGISLATION**

**Do you believe that other legislation has assisted or hindered achievement of the objectives of AIFMD?**

**27. National product regulation of AIFs for professional investors only**

- Strongly assisted
- Somewhat assisted
- Unchanged
- Somewhat hindered
- Strongly hindered
- No opinion

*Please briefly explain why:*

Some countries (like France) extended UCITS KIID disclosure rules to some AIFs, but in some MS, disclosure are still different from UCITS.

**28. National product regulation for AIFs available to retail investors**

- Strongly assisted
- Somewhat assisted



- Unchanged
- Somewhat hindered
- Strongly hindered
- No opinion

*Please briefly explain why:*

**29. Other regulatory reporting**

- Strongly assisted
- Somewhat assisted
- Unchanged
- Somewhat hindered
- Strongly hindered
- No opinion

*Please briefly explain why:*

**30. Tax Legislation**

- Strongly assisted
- Somewhat assisted
- Unchanged
- Somewhat hindered
- Strongly hindered
- No opinion

*Please briefly explain why:*

**31. National savings policies**

- Strongly assisted
- Somewhat assisted
- Unchanged
- Somewhat hindered
- Strongly hindered
- No opinion

*Please briefly explain why:*

**32. Other EU legislation or regulation**

- Strongly assisted
- Somewhat assisted

- Unchanged
- Somewhat hindered
- Strongly hindered
- No opinion

*Please briefly explain why:*

**33. Other national requirements**

- Strongly assisted
- Somewhat assisted
- Unchanged
- Somewhat hindered
- Strongly hindered
- No opinion

*Please briefly explain why:*