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**Welcome to the 2010
London Funds Debate**



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Welcome and Introduction

Geoff Cook
Chief Executive, Jersey Finance





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Agenda

- **Welcome and Introduction**
Geoff Cook, Chief Executive, Jersey Finance
- **‘The world in economic crisis – an insight into the EU’s AIFM Directive’**
Charlie McCreevy former EU Commissioner
- **‘Behind the EU mist on AIFM’**
Brendan McMahon, Global Private Equity Partner PwC Jersey
- **Panel Session**
Facilitated by Michael Wilson
- **Closing remarks**
Richard Thomas, Chairman, Jersey Funds Association
- **Drinks reception**



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'The world in economic crisis ... an insight into the EU's AIFM Directive'

Charlie McCreevy
Former EU Commissioner





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'Behind the EU mist on AIFM'

Brendan McMahon
Partner
PricewaterhouseCoopers
Jersey



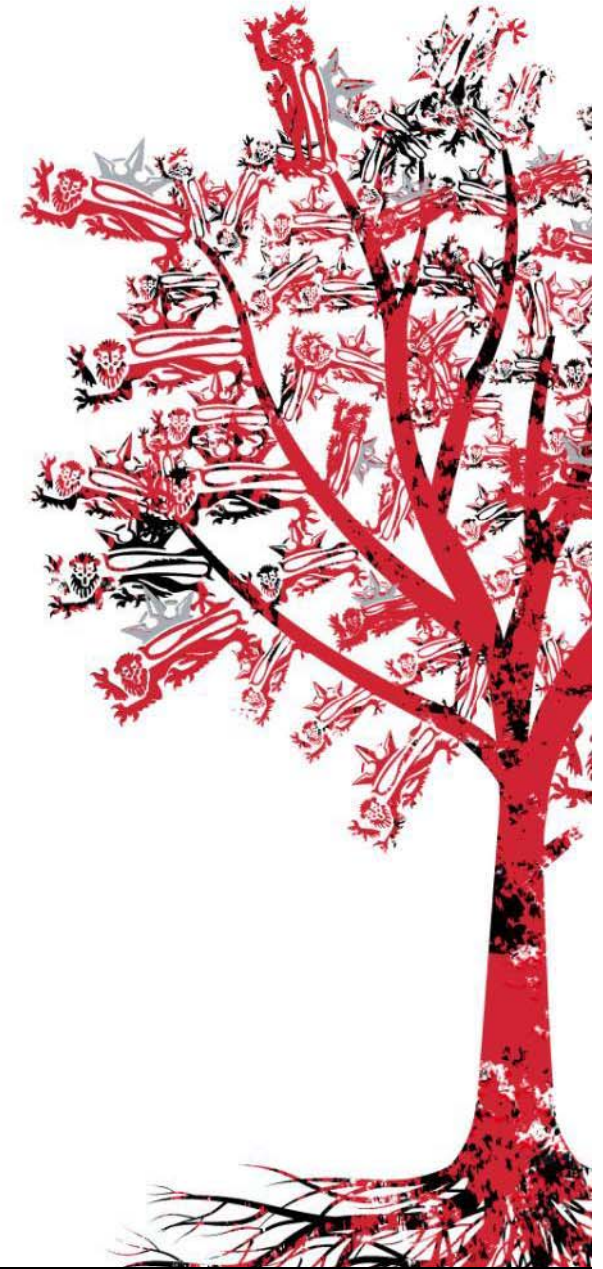


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Agenda

- An overview of AIFMD initial objectives /complexity of process/timetable
- Areas of contention
- How has Jersey reacted to the draft AIFMD?
- Why Jersey as an equivalent jurisdiction?
- Likely approach to third country passporting





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AIFMD Initial Objectives

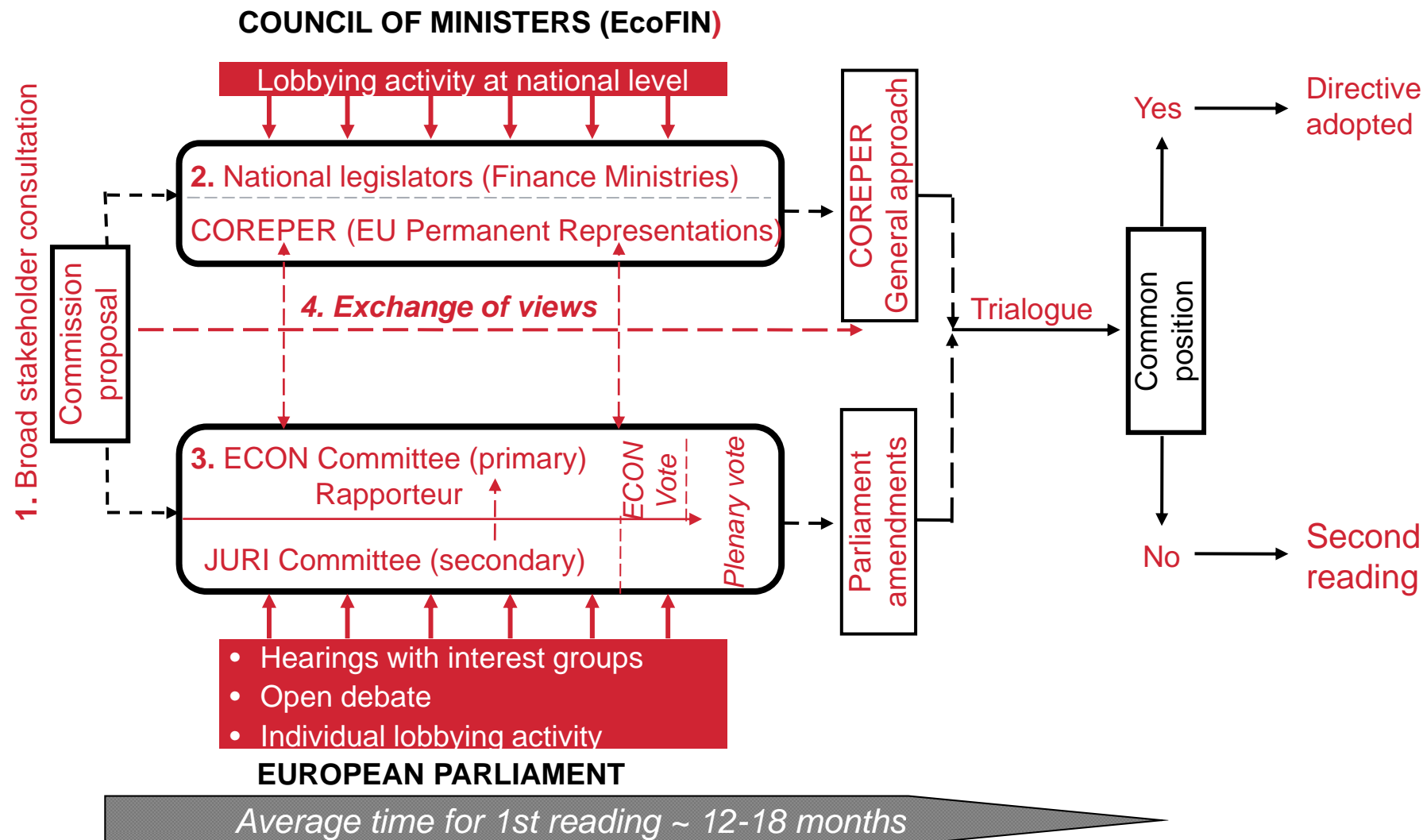
- Enhance transparency and investor protection particularly in the light of the Madoff scandal
- Facilitate marketing of AIF to professional investors throughout EU
- Regulate the activities of AIFM rather than AIF, seeking to prevent further systemic risk
- Create a single market for AIF, creating a branded AIFMD product
- Provide framework for monitoring and managing macro and micro-prudential risks
- Grant passport to non-EU AIF after a transitional period, provided equivalent regulatory environment

Complex Process



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The Original Timetable

Council

15 Dec 2009 Final Swedish Compromise

11 Jan 2010 Spanish issues paper

Jan-Apr 2010 Working group meetings

By Apr 2010 General approach

European Parliament

21 Jan 2010 Deadline for tabling amendments

22 Feb 2010 Debate in ECON

12 Apr 2010 Vote in ECON Committee

Apr – May 2010 Trilogue: Council, Parliament, European Commission

1 Jul 2010 European Parliament plenary vote

**Jul 2010? Adoption by EcoFIN Council: ‘Level 1’
Directive adopted**

From Sept 2010

From Sept 2010

Summer 2012

Level 2 Implementing Directives/Regulations prepared

Level 3 ‘technical standards’ prepared

Directive transposed into national law and becomes effective



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Areas of Contention

- Depositories
- Controlling Interest Disclosures
- Scope
- Third Countries



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How has Jersey reacted to the draft AIFMD?

- Immediate engagement by industry/JFL/Government
- Initial detailed impact assessment July 2009
- Interaction with Global alternative asset managers
- ‘Alignment’ of interests with industry associations
- Leading Big 4 network response to AIFMD developments
- Public position that appropriate regulation important



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Why Jersey as an equivalent jurisdiction?

- Three decades of asset management/administration expertise
- IMF 2009 review states that Jersey is in the top division of international finance centres, including the G20 and EU
 - Compliant with 44 of 49 FATF recommendations (Lux-10, Irl-30, UK-36, US-43)
 - Jersey is a pioneer of Tax Information Exchange Agreements
 - Maintains open and cooperative relationships with overseas regulatory authorities
- All service providers subject to strict regulatory oversight
- Jersey on the OECD White List from initiation, while other finance centres failed
- Proven Anglo Saxon legislative environment, legal certainty



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EU AIFM with non EU AIFs – post transitional period

Continued access depends upon:

- A ***cooperation and exchange of information*** agreement
- The third country has standards to ***prevent money laundering and terrorist financing***
- The third country grants EU AIFs effective ***market access***
- The third country has signed an agreement to ***exchange information on tax matters***

Failure to comply

- The AIF cannot be marketed in the Union even under private placement regime
- Investors can continue to invest on own initiative



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Non EU AIFM - achieving a passport

Post transition access depends upon, as well as provisions for non EU AIFs

- ***prudential regulation and on-going supervision*** has been assessed by the Commission as equivalent non EU AIFM must sign an agreement ensures ***sharing of information on systemically important activities***
- a ***cooperation and exchange of information*** agreement

Failure to comply

- The AIF cannot be marketed in the Union even under private placement regime
- EU Investors are FORBIDDEN from investing

Transitional period (2 Years) market access also requires tax information exchange agreement and cooperation arrangements



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Conclusion on access to EU market by Jersey AIFMs and AIFs

Jersey will achieve equivalence and will continue to engage with the Commission in a cooperative and transparent fashion

Jersey will demonstrate that as a well regulated jurisdiction, endorsed through the 2009 IMF review , it can continue to provide investors with legal certainty and safekeeping of assets



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Richard Thomas Chairman, Jersey Funds Association

Closing Remarks





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