

AIMA calls for removal of cross-border barriers to fund marketing

The Alternative Investment Management Association (AIMA), the global representative body for alternative asset managers, has welcomed the European Commission consultation on reducing barriers to the cross-border marketing of investment funds.

AIMA said that barriers to take-up of the so-called “passport” for investment funds has held back growth in the European economy and hurts savers and investors.

AIMA cited the imposition by many EU jurisdictions of registration and notification fees on funds, which can amount to hundreds of thousands of euros annually for individual firms, as a major obstacle to a better functioning single market for investment funds. These fee costs are often borne by the end investors. AIMA said another significant barrier has been the requirement by some jurisdictions for investment managers to appoint a local agent or representative in order to market a fund there.

AIMA’s statement comes on the day that the European Commission launches a consultation exercise into the cross-border distribution of funds. The consultation forms part of the Commission’s effort to create a “Capital Markets Union” – a deeper single market for capital in the EU. The Commission’s consultation paper acknowledges the important role that cross-border investment funds can play in economic growth by channelling scarce capital to infrastructure projects, small firms and other investment opportunities. “If funds can do business more easily cross border, they can grow and become more efficient, allocate capital efficiently across the EU, and compete within national markets to deliver better value and greater innovation for consumers,” says the EC paper.

Jack Inglis, CEO of AIMA, said: *“We welcome the European Commission’s scrutiny of barriers to the use of the pan-European marketing ‘passport’, which have held back growth in the European economy. The imposition of registration and/or notification fees on funds or even sub-funds in a great number of EU jurisdictions can cost individual firms hundreds of thousands of euros annually.*

“As well as reducing or removing the layer of fees, we also would ask the Commission to consider removing or minimising other administrative and regulatory restrictions on marketing, especially in the case of funds that are marketed solely to professional investors.”

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