

Crypto Asset Manager Granted AIFM Approval

Stockholm (HedgeNordic) – Prime Factor Capital, a London-based asset manager specialised in cryptocurrencies, has been authorised by the UK's financial markets regulator, the Financial Conduct Authority (FCA), as an Alternative Investment Fund Manager (AIFM). This is the first dedicated crypto asset manager to have been granted this status from UK regulators.

Prime Factor Capital was founded in 2017 by Nic Niedermowwe, who previously worked as an energy derivatives trader at German utility RWE, and Michael Wong, who spent 11 years at BlackRock. The asset manager seeks to provide solutions for professional investors seeking exposure to cryptocurrencies. According to an announcement issued on July 1, Prime Factor Capital was authorised by the FCA as a full-scope AIFM, allowing the firm to manage more than €100 million in assets and thereby accept institutional-size tickets. Full-scope AIFMs are subject to increased transparency, disclosure and reporting requirements.

“This is a significant milestone not just for Prime Factor, but for the industry as a whole,” said Nic Niedermowwe, the co-founder and CEO of Prime Factor Capital. “Being FCA-regulated brings us under the purview of one of the most recognised financial markets regulators globally,” said Niedermowwe, adding that “this is particularly relevant in the cryptocurrency space, which has repeatedly captured headlines for poor operating standards and even fraudulent activity.”

Cryptocurrencies remain largely unregulated and have often been associated with illicit activities, which is why regulated asset managers have stayed away from the cryptocurrency market. Adam Grimsley, a former BlackRock employee who set up Prime Factor Capital with Niedermowwe and Wong, said that “most vehicles for investing in cryptocurrencies are outside the scope of regulators and that’s a big problem in a market that has such a bad reputation.”

Under the EU's AIFM Directive, AIFMs are required to appoint a single independent depositary, which aims to increase investor protection by providing independent fund oversight, asset ownership verification and cash flow monitoring. “We are pleased to be able to offer institutional investors with a suitable investment vehicle to deploy capital to this emerging asset class with its unique risk-return profile,” said Grimsley in a statement.

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