



The Alternative Investment Fund Managers Directive 2011/61/EU (AIFMD) was transposed into Gibraltar law on 22 July 2013 under the Financial Services (Alternative Investment Fund Managers) Regulations 2013 (AIFM Regulations). The AIFM Regulations and AIFMD apply to managers who manage portfolios of alternative investment funds (AIFs) whose assets under management, including any assets acquired through the use of leverage, in total do not exceed a threshold of €100 million or €500 million in the case of certain closed-ended unleveraged AIFs (Small AIFMs).

Whilst the AIFMD does not apply to Small AIFMs unless they choose to opt-in, recital 17 to the AIFMD provides that the exemption for Small AIFMs “should not limit the ability of Member States to impose stricter requirements on those AIFMs that have opted in.”

Although most EU jurisdiction had pre-AIFMD licensing regimes for fund managers, the knock-on effect of AIFMD has been the implementation of a quasi-AIFMD regime (which in some cases is fairly burdensome) for those fund managers which fall within the Small AIFM exemption. Thus Small AIFMs based within certain EU jurisdictions have discovered that although they are exempt from the provisions of the AIFMD, a parallel regime has been created which is too burdensome considering the quantity of business they undertake.

Whilst taking into consideration that Small AIFMs could manage AIFs with a considerable amount of AUM, Gibraltar is creating a stepping-stone regime into full AIFMD licensing, with a reasonable level of minimum capital and which permits the prudent supervision of Small AIFMs.

In addition to some basic conditions for authorisation and a minimum capital requirement, Small AIFMs will, inter alia, need to comply with a set of basic operating conditions, have sufficient resources available and suitable systems and procedures.

A Small AIFM Working Group, which includes Triay & Triay, has been working on amendments to the Financial Services (Collective Investment Schemes) Act 2011 and the Financial Services (Collective Investment Schemes) Regulations 2011 which we expect will come into effect shortly after the summer and will give life to Gibraltar’s Small AIFM regime.

## **GIBRALTAR SMALL AIFM BENEFITS:**

- establishment within a jurisdiction with a legal system which is widely based on that of England and Wales, implementing all EU directives (such as the UCITS and the AIFM directives) by virtue of its EU membership since 1973;
- unlike most other EU jurisdictions, Gibraltar’s economy has continued to expand and remains stable;
- a regulator that understands and supervises the finance industry in a pragmatic manner;
- Mediterranean lifestyle;
- low corporate tax rate of 10% on profits accrued in or derived from Gibraltar;
- low personal taxation and the ability for fund managers to seek HEPSS (High Executive Possessing Special Skills) status and thereby cap income tax at a max of circa £30,000 per annum; and
- high quality service providers.

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