

## Implementation of the AIFM Directive

*Are you ready  
to face the challenge?*

*...as a truly independent valuer,  
Accuracy can assist you!*

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Transaction Support & Advisory

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Forensics, Litigation & Arbitration

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Valuation & Fairness Opinion

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Corporate Recovery Services

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Economics & Business Analysis

## Background on the AIFM Directive

### Introduction

The introduction of the Alternative Investment Fund Managers (AIFM) Directive will provide fund managers with various challenges as a result of stringent regulatory and supervisory requirements imposed by the European Commission. This brochure is intended to provide a high level overview of the contents of the AIFM Directive and insight in how Accuracy can assist you in addressing these challenges.

### Who should meet the new requirements?

The AIFM Directive applies to managers of Alternative Investment Funds (AIF). AIFMs are defined as:

- Entities managing AIFs as a regular business which raise capital from a number of investors;
- To invest that capital for the benefit of those investors in accordance with a defined investment policy;
- Operating in sectors such as hedge funds, real estate and private equity funds, which are currently not regulated.

Certain exemptions are designed for managers with assets under management:

- Which do not exceed €100 million; or
- Which do not exceed €500 million and have not used leverage on the AIFs level.

AIFMs exempted from this Directive however can decide to become regulated under the AIFM regulations. If you are questioning whether the AIFM regulation would apply to you, do not hesitate to contact us.



### Level 1

The AIFM Directive entered into force on 21 July 2011. However as the Directive only sets out the high-level framework (so-called “level 1” – key provisions) for future rules for the management of alternative investment funds in the European Union, implementing measures are needed to specify the legal, technical and regulatory details of the new regime.

### Level 2

This implementation period (so-called “level 2” – implementation measures) will take 2 years and therefore the final Directive will enter into force (under Dutch Law) ultimately on 22 July 2013. Effectively this means that starting from this date many not yet regulated non-UCITS funds will fall under supervision of the AIFM Directive.

The European Securities and Market Authority (ESMA) has issued a final report providing technical advice to the European Commission on possible implementing measures of the AIFM Directive. The European Commission is currently working on preparing implementation measures in light of ESMA’s advice.

**Considering this timeline preparations should take place as soon as possible (if not already started).**

## AIFM Directive

# Implementation of the AIFM Directive

## Requirements

The current (level 1) Directive is divided into the "Authorisation" phase and the "Ongoing operation"/ "Transparency" phase.

### 1. Authorisation phase

Part of the Authorisation phase is to ensure that appropriate policies and procedures are in place to ensure adherence to the AIFM Directive relating to valuation (of assets) and liquidity management.

### 2. Ongoing operation/ Transparency phase

The requirements related to both valuation and liquidity management are further implemented within the Ongoing Operation/ Transparency phase, whereby the AIFM Directive states that the fund manager must have:

- An appropriate liquidity management system (including adoption of procedures to ensure that the liquidity profile of the fund complies with relevant obligations);
- Valuation procedures in place, which ensure that the assets are properly valued and the net asset value per unit or share is calculated at least once a year by an independent external valuer or by the AIFM itself (under certain conditions).

# Where Accuracy can assist you

## 1. Authorisation phase

### How Accuracy can help

With respect to the valuation requirements, Accuracy can:

- Identifying points of improvement during technical review of the valuation methodology (including adherence to internationally accepted valuation guidelines);
- Implementation or review your valuation models.

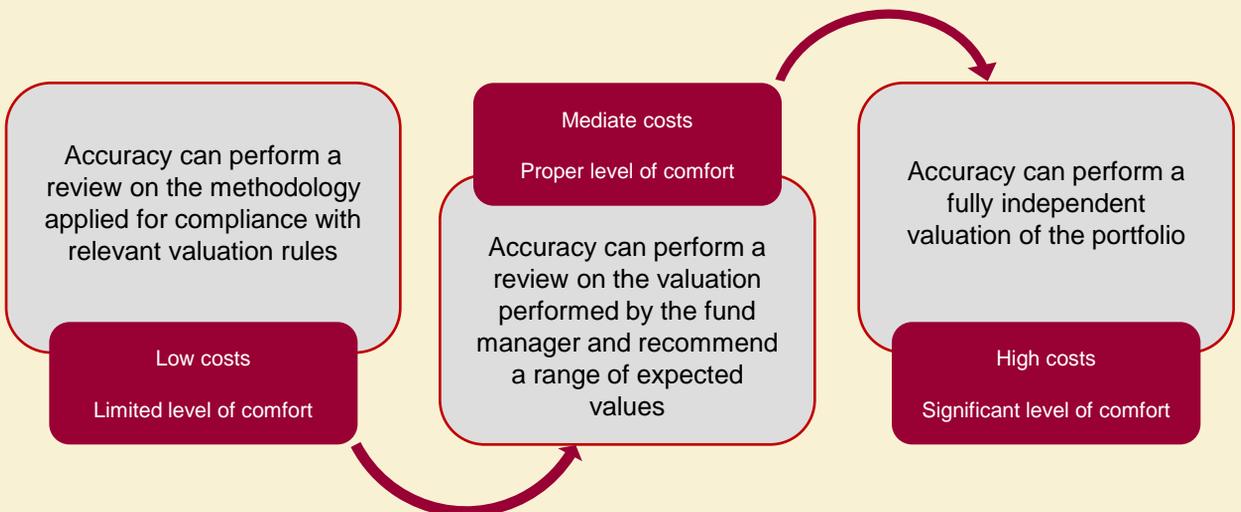
With respect to liquidity management, Accuracy can:

- Act as sparring partner in setting up the liquidity management system, including assistance in identifying, measuring, managing and monitoring of liquidity risks;
- Prepare business models to ensure appropriate stress testing of liquidity conditions under all circumstances.

## 2. Ongoing operation / Transparency phase

### How Accuracy can help

Accuracy can perform the assessment (at least yearly) of the assets:

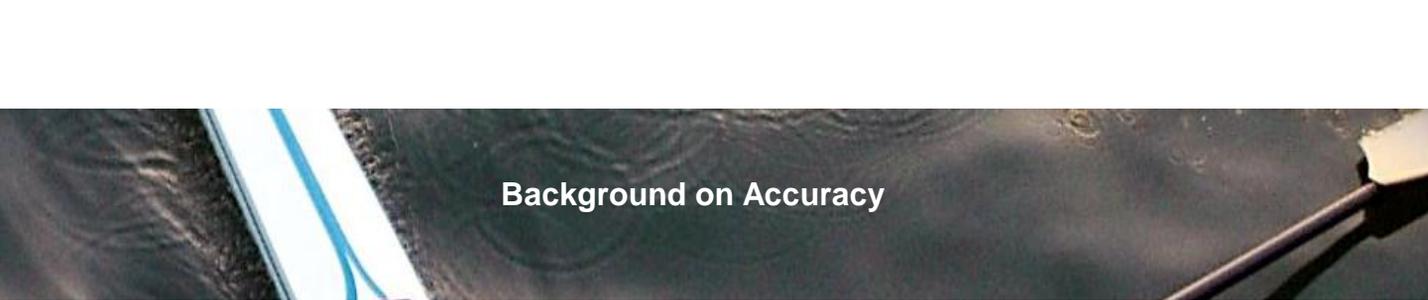


In addition, we have developed a valuation model (tailored for each AIFM) which meets the requirements of the AIFM Directive.

With respect to the liquidity management, Accuracy can assist with:

- Testing the sensitivity of the impact of (a combination of) external factors on the liquidity management;
- Providing insight in areas which are specifically sensitive;
- Preparation (in collaboration with management) of estimates for timing and likelihood that specific events may occur.

## AIFM Directive



## Background on Accuracy

### ***Why Accuracy?***

Accuracy is a true independent financial advisory group worldwide, not limited by auditors' rules and regulations. We do not perform audit services and therefore we can share our opinions with our clients.

Accuracy is a reliable and independent valuation expert, acknowledged by market regulation authorities, tax authorities and auditors.

We can deliver the expertise required by the AIFM Directive. With our unique valuation model we can provide "AIFM Directive-proof"-valuations.

We have significant experience (> 100 engagements) in performing various types of (independent) valuation engagements, such as:

- Valuation of (investment) portfolios
- Valuation of participations
- Dispute valuations
- IFRS valuations
- Tax valuations
- M&A valuations
- Fairness opinions

We have provided these services to a wide variety of clients, including hedge funds, real estate and private equity funds.

We offer seniority on our teams and assist you with the challenge of the AIFM Directive. In addition, we are pragmatic and deliver custom-made solutions.

### ***AIFM Directive***



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