



REGULATION AND COMPLIANCE

UCITS Services

Many fund strategies are now capable of replication within the UCITS framework, driving much more interest in these funds. UCITS offer attractive features to institutional investors; domicile in the EU, high levels of transparency, flexible structures, limited replication of hedge fund techniques and often daily liquidity. Some are even seeing UCITS as a silver bullet to the uncertainty created by the Alternative Investment Fund Managers Directive (AIFMD).

While the process for launching and managing a UCITS fund need not be complex, it can be challenging for firms who are not used to the requirements of regulated funds. Additionally, the FSA has recently raised the stakes - highlighting that managers used to an unregulated environment may lack the systems and controls infrastructure UCITS requires. In particular, with a UCITS fund, firms will find that for the first time they need to consider:

- The most appropriate European fund domicile and structure;
- Establishing their own operating company or using a hosted platform;
- Whether the fund can be operated within the formal investment and borrowing constraints of UCITS;
- Obtaining fund approval;
- Daily valuation and pricing requirements;
- Formal reporting requirements;
- Risk Monitoring and mitigation arrangements;
- Third party review; and
- Distribution arrangements.

How IMS can help

UCITS funds increase the operational risk for investment managers and can bring firms within the FSA Treating Customers Fairly initiative. The FSA feels that a UCITS III bandwagon is developing, so managers cannot afford to cut corners when launching one of these funds as the FSA keeps a close eye on the sector.

IMS is committed to providing pragmatic, yet cost effective, solutions which will meet the needs of all stake holders establishing UCITS. We can help firms, either directly or via professional partners, in a variety of ways;

- Project management of the fund development and launch
- Selection of appropriate service providers
- Ensuring appropriate regulatory permissions and compliance for the manager
- Developing appropriate control frameworks and monitoring of investment restrictions and pricing arrangements
- Support in developing distribution arrangements.

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