



UK to become a fund domicile

Plans to turn the UK into international fund domicile post Brexit, at least for alternative funds, have been semi-secret but are now well advanced, ADI has discovered. What appears likely to be implemented when the UK leaves the EU will have a major impact on the Channel Islands, Ireland, Luxembourg and even Cayman.

Over the last few weeks there seems to have been a quickening of the pace on this project. ADI has had a number of recent conversations with people who are either involved in, or are close to, the plans to turn the UK into an international fund domicile for alternatives post Brexit.

The work that has been done on this project, which ADI understands now involves quite a lot of people, is not secret. But it is not exactly public either. A draft of the plans is in circulation but it is not permitted to be published. ADI is led to believe that that this work is at an advanced stage – probably a lot more advanced than most people realise.

We are told that the work that has been done to date focuses on the alternative fund sector but could also apply to the long only side of the business too.

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Brexit: delegation breakthrough

ESMA has agreed to keep current delegation rules in place for UK asset managers' European funds even if there is a hard Brexit - for the time being at least. But UK managers could still find themselves with a number of problems in the near future if the country leaves the EU without a deal.

Changing delegation arrangements post Brexit was raised by ESMA as a possibility in 2017, as the ADI has reported on a number of occasions. Its Opinions to NCAs (National Competent Authorities) on UK manager relocations to the EU in May and July 2017 touched on this.

Then, to most people's relief, ADI understood that the Commission and ESMA had accepted that there is not the infrastructure in place, nor sufficient capacity or the skill set available to move portfolio management out of the London on the scale that would be required into places like Amsterdam, Frankfurt, Milan, Paris etc.

ESMA and the Commission realised that such a change would be too much of a transformation for the European fund industry – at least in the short term.

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