

UPDATE

# European Commission report on AIFMD Review – NPPRs set to continue for the time being?

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The European Commission's report to the EU Council and Parliament on the AIFMD review has been published (10 June 2020).

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The Commission's 10 page report summarises the review's findings on the impact of AIFMD on AIFs, AIFMs and investors, the monitoring and assessment of systemic risk, and the rules applying to investment in private companies and in/or for the benefit of developing countries.

In the context of AIFMD marketing dynamics, the report highlights post-AIFMD growth of the EU AIF market, whilst acknowledging limitations in the operational efficacy of the EU AIFM passport, and notes the EU's CMU group is still looking into improvements in AIF distribution in the EU, both in relation to the EU AIFM passport and the national private placement regimes (NPPRs) available to non-EU AIFMs.

The report notes a variety of market views across EU Member States in relation to NPPRs: some think they create an un-level playing field between EU and non-EU AIFMs (since non-EU AIFM compliance requirements are fewer); some have suggested further harmonising the NPPRs across Member States; and others consider that activating the AIFMD passport for third country entities, followed by a phasing-out of NPPRs, as originally proposed by AIFMD, would be a good solution.

However, the report notes the Commission did not assess the functioning of the AIFMD third country passport, as it has not yet been activated and there is no market information to draw on.

So for now, absent any alternative consensus across the EU, it appears that NPPR marketing by non-EU AIFMs is set to continue in its current form for some time. [Click here](#) to view the full report.

## Contacts

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