

Alternative Investment Fund Designation Bill [HL]

EXPLANATORY NOTES

Explanatory notes to the Bill, prepared by Baroness Altmann, have been ordered to be published as HL Bill 10—EN.

Alternative Investment Fund Designation Bill [HL]

[AS INTRODUCED]

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[AS INTRODUCED]

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Amend the Alternative Investment Fund Managers Regulations 2013 to remove Listed Investment Companies from Alternative Investment Fund designation; to make related changes to other relevant legislation; and for connected purposes.

BE IT ENACTED by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Amendments to the Alternative Investment Fund Managers Regulations 2013

- (1) Regulation 3 of the Alternative Investment Fund Managers Regulations 2013 (S.I. 2013/1773) is amended as follows.
- (2) In paragraph 2, after “closed-ended” insert “, subject to (3)(e)”.
- (3) After paragraph 3(d) insert—5
 - “(e) closed-ended investment companies whose shares are admitted to trading on any market or venue operated by a United Kingdom recognised investment exchange.”

2 Amendments to Commission Delegated Regulation (EU) 2017/565

- (1) Commission Delegated Regulation (EU) 2017/565 (25 April 2016) (organisational requirements, operating conditions and defined terms for investment firms) is amended as follows. 10
- (2) Article 50(2) (information on costs and associated charges), at end insert—
 - “2A. For these purposes, investment firms are not required to aggregate or include any costs and charges relating to any closed-ended investment company whose shares are admitted to trading on any market or venue operated by a United Kingdom recognised investment exchange.” 15
- (3) Annex II (costs and charges), Table 2, Ongoing charges column 2, after “instrument.” insert—20
 - ““Value” for the purposes of any closed-ended investment company whose shares are admitted to trading on any market or venue operated

by a United Kingdom recognised investment exchange means the share price.”

- (4) Annex II (costs and charges), Table 2, Ongoing charges column 3, after “costs.” insert—

“Costs and charges of any closed-ended investment company whose shares are admitted to trading on any market or venue operated by a United Kingdom recognised investment exchange are not ongoing charges.” 5

3 Amendment to Commission Delegated Regulation 2017/653

In Commission Delegated Regulation (EU) 2017/653 (8 March 2017) (packaged retail and insurance-based investment products), Annex VI (Methodology for the Calculation of Costs), at beginning insert— 10

“The costs of closed-ended investment companies whose shares are admitted to trading on any market or venue operated by a United Kingdom recognised investment exchange shall not be taken into account by PRIIP manufacturers when applying the methodology for the calculation of costs set out in this Annex.” 15

4 Amendments to Commission Regulation (EU) 583/2010

- (1) Commission Regulation (EU) 583/2010 (1 July 2010) (key investor information and conditions) is amended as follows. 20

- (2) Article 10 (presentation of charges), at end insert—

“3. For the purpose of the presentation of charges, costs and charges relating to closed-ended investment companies whose shares are admitted to trading on any market or venue operated by a United Kingdom recognised investment exchange shall not be considered to be entry or exit charges or charges taken from the UCITS.” 25

- (3) Article 30 (charges section), at end insert—

“2. For this purpose, costs and charges relating to closed-ended investment companies whose shares are admitted to trading on any market or venue operated by a United Kingdom recognised investment exchange shall not be considered to be charges that the UCITS itself will incur as an investor in the investment company.” 30

- (4) Annex II (presentation of charges), at end insert—

“— Costs and charges relating to closed-ended investment companies whose shares are admitted to trading on any market or venue operated by a United Kingdom recognised investment exchange shall not be considered to be charges required to be presented in the table.” 35

5 Extent, commencement and short title

- (1) This Act extends to England and Wales, Scotland and Northern Ireland.

- (2) This Act comes into force on the day on which it is passed.
- (3) This Act may be cited as the Alternative Investment Fund Designation Act 2024.

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Baroness Altmann

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