



Private Equity Sound Bite

AIFMD – What should UK AIFMs do to prepare for July 2014?

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As most of you will be aware, the AIFMD trigger date has passed and we are now into the 12 month transitional period for UK AIF managers (“AIFMs”) who were actively marketing in the UK prior to 22 July 2013, but what should those caught by the AIFMD be doing to prepare for July 2014?

Amongst other things, a decision needs to be taken as to when to apply for a variation of permission (“VOP”) to manage AIFs as the FCA wants applications to be submitted by January next year. If you won't be ready by then or if the passport is not required immediately, it needs to be made clear in the VOP that the variation is to be effective on 22nd July 2014 as, without this, the AIFMD will apply in full from the date the VOP is granted. The upside is that once the permission has been granted, the passport will be available in other member states.

Smaller (sub threshold) AIFMs will also need to register as a small registered AIFM by July 2014. As such they will need to comply with information requirements but will not benefit from the passport unless they opt in to the full requirements of the AIFMD. If you are a sub threshold manager of a European Venture Capital Fund, it is worth considering whether it would be possible to take advantage of a passport under the European Venture Capital Funds Regulations. Some of the requirements in these Regulations mirror AIFMD requirements.

MiFID firms (including managers of third party funds and portfolio managers) wanting to manage an AIF also have decisions to make, as an AIFM cannot also be a MiFID firm. There are additional services under the AIFMD which can be passported under the AIFMD and consideration will need to be given as to whether and to what extent the passporting of additional services will be sufficient. Potential advantages of changing from being a MiFID firm may for example include a lower regulatory capital requirement and the need for an ICAP. It may be necessary to set up a new subsidiary to manage AIFMs which sits alongside the portfolio manager and, if so, there will be other considerations such as the potential to share employees and directors.

Once these decisions have been made, AIFMs will want to use the transitional period to carry out a road map for implementation and a gap analysis. Changes are likely to be required to service agreements, outsourcing agreements and custody/ prime brokerage agreements. Remuneration packages need to be reviewed including, where relevant, carry schemes and claw backs. Likewise, procedures need to be in place/software ready in order to comply with the transparency and reporting requirements. AIFMs should have started the implementation plan and gap analysis already. We would be happy to discuss any of the matters raised above with you; please contact Jacqui Hatfield on 020 3116 2971 or jhatfield@reedsmith.com.

Transaction Highlights

Recent Deals Across Our Platform



A cross-border team, led by partners Perry Yam in London and Jeffrey Legault in New York, completed a deal advising **Nova Capital Management** on a complex US\$214 million acquisition of a portfolio of hardware businesses from **Newell Rubbermaid Inc.** The deal saw Nova Capital acquire five standalone businesses – Amerock, Ashland Hardware Systems, Bulldog Hardware, Drapery Hardware and Shur-line – in a single transaction.



Our London team, led by partner Philip Taylor on M&A, partner Philip Slater on debt and senior associate James Cross on equity, advised **CBPE Capital** on its £100 million acquisition of award winning restaurant group **Côte Restaurants**. The transaction is the third we have worked on this year for the long standing client, and our cross-practice client team successfully completed this in a very tight time frame. CBPE will back the existing management team to continue to grow the business, and the Côte management team and founders will re-invest in the business alongside CBPE.



Our Paris team including partner Emmanuel Vergnaud, Maëli Bourbon and Aliénor Harel advised **Nord Capital Partenaires** in the acquisition of **Alvene** through LBO. Alvene is one of the French leaders in the production of professional kitchen equipment. Nord Capital Partenaires is an investment fund owned by Crédit Agricole Nord de France and Turenne Capital Partenaires and dedicated to supporting companies in the North of France.



A transatlantic team lead by partner Mike Young and associate Henry Humphreys in London and Margaret Jones in Philadelphia helped UK private company **LoveLive TV Limited** with its acquisition of the US entertainment media business **Show Cobra**. The deal was financed by a simultaneous all equity fundraise from LoveLive's existing shareholders, including funds, high net worth individuals and management. LoveLive provides music content and services for brands, broadcasters and platforms, mainly through live broadcasts and live streamed events



Paris partner Emmanuel Vergnaud assisted by Mickaël Lévi advised **Qualium Investissement**, a French Private Equity fund dedicated to investment in French small and medium enterprises, on the sale of its shares in **Tournus Equipement** to its managers backed by private equity funds. Tournus Equipement is the leading French manufacturer of professional kitchen appliances. The team also advised Qualium Investissement in their acquisition of Tournus Equipement in 2010.

Upcoming London Event

Oktoberfest Private Equity Networking Evening – 3 Oct.



The annual BVCA and Reed Smith Private Equity Oktoberfest networking event is taking place on Thursday 3rd October at Reed Smith's London office, from 6–10pm.

The popular event was attended by more than 80 industry professionals last year, a mix of Reed Smith contacts and BVCA member firms, and is shaping up to be even more successful this year.

We would be delighted to have you join us and network with fellow industry peers over German food, beer and wines. For further details please contact Nariah Goldring on ngoldring@reedsmith.com or +44 (0) 203116 2561.