

Investment Funds sourcebook

Chapter 1

Introduction

1.3 Types of fund manager

Types of fund manager within the scope of the UK AIFM and UCITS regimes

- 1.3.1 **G** The UK regulatory regime provides that an *undertaking* which manages an AIF or a UCITS scheme in the UK must fall into one or both of the following categories:
- (1) an AIFM; or
 - (2) a UCITS management company.

Types of fund manager outside the scope of the UK AIFM and UCITS regimes

- 1.3.2 **G** An *authorised person* that operates a *collective investment scheme* in the UK and falls entirely outside the scope of the UK AIFM or UCITS regimes will be a *residual CIS operator*.

AIFMs

- 1.3.3 **G** An AIFM with a *Part 4A permission of managing an AIF* will be a UK AIFM and must fall into at least one of the following categories:
- (1) a *full-scope UK AIFM*;
 - (2) a *small authorised UK AIFM* of an *authorised AIF*; and
 - (3) a *small authorised UK AIFM* of an *unauthorised AIF*.

Full-scope UK AIFM

- 1.3.4 **G**
- (1) A *full-scope UK AIFM* is a UK AIFM which is authorised in accordance with the UK AIFM regime and, therefore, subject to its full requirements.
 - (2) A *full-scope UK AIFM* must be either:
 - (a) an *external AIFM*; or
 - (b) an *internally managed AIF*.
 - (3) PERG 16, question 3.6 provides guidance on where an AIFM is acting as an *external AIFM* or an *internally managed AIF*.

- (4) A *full-scope UK AIFM* is permitted under ■ FUND 1.4.3 R (3) to ■ FUND 1.4.3 R (6) to provide certain additional services. Where it carries on those services it is also an *AIFM investment firm* and subject to additional requirements for those services.

Small AIFM

1.3.5

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- (1) [deleted]
- (2) In the *UK*, the regulatory regime provides that an *AIFM* which has assets under management below certain thresholds ("*a small AIFM*"), with a registered office in the *UK* may be either:
- (a) a *small authorised UK AIFM*; or
 - (b) a *small registered UK AIFM*.

Small authorised UK AIFM

1.3.6

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- (1) A *small authorised UK AIFM* will be carrying on the *regulated activity of managing an AIF* and will be subject to *FCA rules* in respect of that activity. The application of *FCA rules* to a *small authorised UK AIFM* will depend on whether it manages an *authorised AIF* or an *unauthorised AIF*. A *small authorised UK AIFM* which manages an *authorised AIF* will be subject to the requirements in *COLL*, but a *small authorised UK AIFM* of an *unauthorised AIF* will not be subject to *COLL*.
- (2) A *small authorised UK AIFM* may also opt in to the full requirements of the *UK AIFM regime*, in which case it will become a *full-scope UK AIFM*.

Small registered UK AIFM

1.3.7

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A *small registered UK AIFM* will not be carrying on a *regulated activity* in respect of its activities as an *AIFM* for an *AIF* for which it is entitled to be registered. Regulation 10 of the *AIFMD UK regulation* provides for three categories of *small registered UK AIFM*:

- (1) to fall within the first category the *AIFM* must:
- (a) have a registered office in the *UK*;
 - (b) be a *small AIFM*;
 - (c) be an *internally managed AIF* of an *AIF* which is a *body corporate* and is not a *collective investment scheme*; and
 - (d) not be an *external AIFM*.
- (2) to fall within the second category the *AIFM* must:
- (a) have a registered office in the *UK*;
 - (b) be a *small AIFM*; and
 - (c) only manage *AIFs* which:
 - (i) are *collective investment schemes*;
 - (ii) are not authorised *AIFs*;

- (iii) holds the majority of their assets as land, directly or indirectly, through an entity which also meets the conditions in (ii) to (iv) of this sub-paragraph (but this condition does not apply during the first 180 days and the last 180 days of the period during which the undertaking is an *AIF*);
 - (iv) do not hold any *specified investments* other than:
 - (aa) *contracts of insurance* which relate to land held by the AIF; and
 - (bb) *shares* through which the *AIF* holds land; and
 - (v) are operated, or will be established and operated, by a *person* with a *Part 4A permission* to carry on the regulated activity of *establishing, operating or winding up a collective investment scheme*.
- (3) to fall within the third category the *AIFM* must:
- (a) have a registered office in the *UK*;
 - (b) be a *small AIFM*; and
 - (c) have applied for registration as a *SEF manager* or *RVECA manager* and meet the conditions for such registration.

1.3.8

G Under regulation 16 of the *AIFMD UK regulation* a *small registered UK AIFM* may apply to the *FCA* for a *Part 4A permission* to manage an *AIF*. In its application a *small registered UK AIFM* may apply to become:

- (1) a *small authorised UK AIFM*; or
- (2) a *full-scope UK AIFM*.