

# AIFMD 2.0 Overview

simmons  
+simmons

## Authorisation of an AIFM and delegation

November 2025

# Contents

03

---

**Executive summary**

04

---

**Where will I find  
the changes?**

05

---

**What changes have  
been made?**

12

---

**Review**

13

---

**Simmons talking  
points**

# Executive Summary

In **November 2023**, the European institutions reached a political agreement on the text of a new Directive to amend the existing AIFMD (**the Amending Directive**).

The Amending Directive was published in the Official Journal in **March 2024**. Its provisions will come into effect on **16 April 2026**.

Among the issues agreed was a set of amendments to the **authorisation and delegation regimes**.

This Note sets out an overview of the key changes that the Amending Directive will make.

Please note that where we refer to articles of the AIFMD, we are referring to the articles as amended by the Political Agreement.



## Where will I find the changes?

The changes to the delegation regime are set out across a number of articles within the amended Level 1 text of the AIFMD, in particular

<a href="#"><u>Article 7</u></a>	Application for authorisation
<a href="#"><u>Article 8</u></a>	Conditions for granting authorisation
<a href="#"><u>Article 14</u></a>	Conflicts of interest
<a href="#"><u>Article 20</u></a>	Delegation
<a href="#"><u>Article 24</u></a>	Reporting obligations to competent authorities

In addition, the effectiveness of the new provisions will be one of the matters on which the Commission has to report when it comes to conduct its [review](#) under **Article 69-a** (though this won't be until **16 April 2029**, five years after the Amending Directive entered into force).

We look, below, at what new obligations each of these articles imposes.

**Clicking on a link above will take you to the relevant section of the note.**

# What changes have been made?

## Article 7 (Application for authorisation)

When applying for authorisation, an AIFM will need to provide its NCA with a number of items of additional information beyond those already required.

These include:

- information about the **persons effectively conducting the business of the AIFM** (which was the previous requirement) – this will now include:
  - a description of their role, title and level of seniority
  - a description of their reporting lines and responsibilities, both within and outside the AIFM
  - an overview of the amount of time each of those persons allocates to each responsibility and
  - a description of the technical and human resources that support their activities
- the AIFM's **legal name and relevant identifier**
- a detailed description of “the **appropriate human and technical resources**” that the AIFM will use to comply with relevant provisions of the AIFMD
- information on **delegation and sub-delegation arrangements** will now need to comprise at least the following:
  - the legal name and relevant identifier, jurisdiction of establishment and, where relevant, the supervisory authority **of each delegate**

# What changes have been made?

## Article 7 (cont'd)

- a detailed description of the **human and technical resources that the AIFM employs** for:
  - performing day-to-day portfolio or risk management tasks within the AIFM; and
  - monitoring the delegated activity;
- a brief description of the **delegated portfolio management functions and of the delegated risk management functions** for each AIF that the AIFM manages or intends to manage. In each case, information should be included as to whether the delegation is full or partial;
- a description of the periodic due diligence measures that the AIFM will carry out **to monitor delegated activity**.

## Article 8 (Conditions for granting authorisation)

Currently, before an NCA can grant authorisation to an AIFM, it must be satisfied that the conduct of the AIFM's business is decided by at least two persons of **sufficient repute and experience** in relation to the investment strategies pursued by the AIFs which the AIFM manages.

The new provisions require that the two persons must, additionally, be either:

- **employed full-time** by the AIFM or
- executive member or members of the AIFM's governing body who are (i) "**committed full-time**" to conducting the AIFM's business and (ii) **domiciled in the EU**.

# What changes have been made?

## Article 14 (Conflicts of interest)

Currently, an AIFM must take all reasonable steps to **identify conflicts of interest** that arise. Where it cannot prevent these from posing a risk of damage to investors' interests, it must **disclose their general nature or source** to investors before undertaking business on behalf of the investors.

A new requirement, aimed primarily at **'white-label'** or **'host-AIFM'** arrangements, provides that, where the AIFM **manages an AIF at the initiative of a third party** (including where the AIF uses the name of the third-party initiator or appoints it as a delegate), the host-AIFM must submit **detailed explanations and evidence of its compliance** with the above obligations to its home NCA.

In particular, the AIFM must:

- specify what **reasonable steps it has taken to prevent** conflicts of interest arising from the relationship or
- if they cannot be prevented, how it **identifies, manages, monitors and, where applicable, discloses** those conflicts to prevent them from adversely affecting the interests of the AIF and their investors.

ESMA has been mandated to prepare a report on the requirements applicable to third-party AIFMs and the need for any additional safeguards.

## Article 20 (Delegation)

### (i) Notifying an NCA of the intention to delegate

Currently, an AIFM which intends **to delegate 'functions' to a third party** must notify its home NCA and comply with the conditions set out at Article 20(1) before the delegation arrangement becomes effective.

# What changes have been made?

## Article 20 (Delegation) (cont'd)

This obligation has been both:

- **refined**, to now refer to any of the functions listed in Annex I of the AIFMD; and
- **broadened**, so it also includes delegation of any of the **'top-up services'** referred to in Article 6(4) – portfolio management, investment advice etc.

As a result, the AIFM must now be able to demonstrate that the delegate is qualified and capable of not only **undertaking the functions** in question (as is already required) but also of **providing the relevant services**.

### (ii) Liability of the AIFM

Delegation by an AIFM (or any further sub-delegation) of its functions to a third party does not affect the AIFM's liability to the AIF and its investors.

The same will now be true when the AIFM delegates any of the **top-up services under Article 6(4)**.

### (iii) Preventing the AIFM from becoming a letter-box entity

Under the existing rules, an AIFM is not permitted to delegate its functions to the extent that it becomes a **letter-box entity**.

The new rules similarly prevent the AIFM from delegate **provision of the top-up services** to the extent that the AIFM can no longer be considered to be the provider of those services.

The AIFMD Level 2 Delegated Regulation, which sets out the conditions under which the AIFM is deemed to have become a letter-box entity, **will be amended** to take the above change into account.

# What changes have been made?

## Article 20 (Delegation) (cont'd)

### (IV) Performance of the functions / provision of the services

Regardless of **the regulatory status or location of any delegate or sub-delegate**, it is the AIFM which must ensure the delegated functions or services comply with the requirements of the AIFMD.

### (V) Marketing

Where a distributor:

- **performs the marketing function;**
- is acting **on its own behalf**; and
- markets the AIF **under MiFID II** or through insurance-based investment products in accordance the **Insurance Distribution Directive**

this function will **not** be subject to the delegation requirements under the AIFMD irrespective of any distribution agreement between the AIFM and the distributor.

## Article 24 (Reporting obligations to competent authorities)

An AIFM will be required to provide certain **additional information** to its home NCA for each:

- **EU AIF that it manages;** and
- **AIF (EU or non-EU) that it markets in the EU**

# What changes have been made?

## Article 24 (Reporting obligations to competent authorities) (cont'd)

The additional information regarding **delegation arrangements which concern portfolio management or risk management functions** includes the following:

- **information on the delegate** specifying:
  - the delegate's **name and domicile**
  - whether the delegate has any **close links with the AIFM**
  - whether the delegate is an **authorised or regulated entity** for the purpose of asset management
  - where relevant, the **name of the delegate's supervisory authority** (including identifiers of the delegate that are necessary to connect the information provided to other supervisory or publicly available data sources)
- the number of **full-time equivalent human resources** that the AIFM employs for performing day-to-day portfolio or risk management tasks within the AIFM
- a list and description of the activities concerning **risk management and portfolio management functions** which are delegated
- where the portfolio management function is delegated, **the amount and percentage of the AIF's assets** subject to delegation arrangements concerning the portfolio management function

# What changes have been made?

## Article 24 (Reporting obligations to competent authorities) (cont'd)

- the number of full-time equivalent human resources employed by the AIFM **to monitor the delegation arrangements**
- the number and dates of **periodic due diligence reviews** carried out by the AIFM to monitor the delegated activity, a list of issues identified and, where relevant, the measures adopted to address those issues and the date by which those measures are to be implemented
- where **sub-delegation arrangements** are in place, the information required in the first, third and bullet points above in respect of the sub-delegates and activities related to the portfolio and risk management functions that are sub-delegated
- the **commencement and expiry dates** of the delegation and sub-delegation arrangements.
- a **list of the Member States** in which the AIFM (or a distributor acting on its behalf) is actually marketing the AIF.

By **16 April 2027**, ESMA must develop draft Level 2 regulatory technical standards specifying, among other things, the **appropriate level of standardisation** of the information which has to be reported in light of the provisions above.

ESMA has, though, been mandated **not** to introduce any reporting obligations additional to those set out above.

# Review

**Article 69-a of the AIFMD** provides for the Commission, with input from ESMA, to review the functioning of a number of the rules in the Directive and the experience acquired in applying them.

That review will include an assessment of how effective the AIFM authorisation requirements in **Article 7** and **Article 8** are with respect to the delegation regime set out in Article 20 and, in particular, “**with regard to preventing the creation of letter-box entities in the Union**”.

The review, though, isn't due to be started until **16 April 2029** (five years after the Amending Directive **entered into force**).

Note, though, that the Amending Directive's provisions will **become effective on 16 April 2026**.



# Simmons Talking Points

- **National implementation**

This will need to be monitored carefully – AIFMD 2.0 (like the current AIFMD) is an EU Directive and must be implemented into national law. This allows for potential divergences as Member States may retain their own national product frameworks or go beyond the rules set out in the EU text (gold-plating).

- **Substance**

The substance requirements in **Article 7** are largely reflective of current local regulatory and market practice for AIFMs. These changes - together with the focus on delegation (see below) - show that these are areas of growing importance for regulators.

If the authorisation requirements are interpreted as applying to existing EU AIFMs, some AIFMs may need to re-examine their organisational arrangements.

- **Delegation**

EU regulators are still concerned about delegation arrangements, particularly in respect of third countries and the creation of letter-box entities, not least in light of Brexit.

Although the delegation requirements remain unchanged, the outcome is an increased focus through new periodic reporting to regulators, supervisory convergence and reviews.

The new measures may lead to future attempts to introduce restrictions, depending on the findings of the reviews and information collected during the years post-AIFMD 2.

# Simmons Talking Points

- **Delegation (con'td)**

The new requirement that the AIFM must ensure compliance with the AIFMD “**irrespective of the regulatory status or location**” of any delegate or sub-delegate will require very careful consideration by AIFMs and their delegates.

The **exclusion of distributors** from the delegation requirements is welcome. (So, too, would be ESMA guidance that this was not intended to subject non-EU distributors to a different standard.)

- **Host-AIFMs**

As many expected, the EU is looking into the increased growth of host-AIFMs and whether their current operation offers investors sufficient safeguards.

The new requirement for these AIFMs to provide transparency on their management of conflicts of interest to their competent authority is a step towards potential future regulatory intervention.

To that end, the industry will be looking at the **ESMA report** to the Commission as the basis for any intervention impacting host-AIFMs.

## Where can I find more information?

See the other notes in our **Overview of AIFMD 2.0** series:

- **How AIFMD 2.0 applies to non-EU AIFMs**
- **The Loan Origination regime**
- **Liquidity Management Tools**
- **Depositaries**

These are available online [here](#) – or ask your usual contact at Simmons & Simmons for a copy

# Simmons & Simmons key contacts



**Devarshi Saksena**

Partner

T + 44 20 7825 3255  
E devarshi.saksena@  
simmons-simmons.com



**Lucian Firth**

Partner

T + 44 20 7825 4155  
E lucian.firth@  
simmons-simmons.com



**Sarah Crabb**

Partner

T + 44 20 7825 3597  
E sarah.crabb@  
simmons-simmons.com



**Tom Pointer**

Partner

T + 44 20 7825 4182  
E thomas.pointer@  
simmons-simmons.com



**Dr Harald Glander**

Partner

T + 49 69 907454 44  
E harald.glander@  
simmons-simmons.com



**Daniel Luehmann**

Partner

T + 49 69 907454 25  
E daniel.luehmann@  
simmons-simmons.com



**Augustin de Longeaux**

Partner

T + 352 26 21 16 34  
E augustin.delongeaux@  
simmons-simmons.com



**Maria Tomillo**

Partner

T + 3491 426 2583  
E maria.tomillo@  
simmons-simmons.com



**Romeo Battigaglia**

Partner

T + 3902 7250 5471  
E romeo.battigaglia@  
simmons-simmons.com



**Ian Rogers**

Partner

T + 331 5329 1622  
E ian.rogers@  
simmons-simmons.com



**James Wallace**

Partner

T + 44 02 7825 4249  
E james.wallace@  
simmons-simmons.com



**Nick Colston**

Partner

T + 44 20 7825 4147  
E nicholas.colston@  
simmons-simmons.com



**Darren Fox**

Partner

T + 44 20 7825 4069  
E darren.fox@  
simmons-simmons.com



**Niamh Ryan**

Partner

T +353 1266 1115  
E niamh.ryan@  
simmons-simmons.com



**James McKnight**

Partner

T +353 1266 1122  
E james.mcknight@  
simmons-simmons.com

[simmons-simmons.com](https://www.simmons-simmons.com)

© Simmons & Simmons LLP and its licensors. All rights asserted and reserved. This document is for general guidance only. It does not contain definitive advice. Simmons & Simmons LLP is a limited liability partnership registered in England & Wales with number OC352713 and with its registered office at CityPoint, One Ropemaker Street, London EC2Y 9SS, United Kingdom. It is authorised and regulated by the Solicitors Regulation Authority and its SRA ID number is 533587. The word “partner” refers to a member of Simmons & Simmons LLP or one of its affiliates, or an employee or consultant with equivalent standing and qualifications. A list of members and other partners together with their professional qualifications is available for inspection at the above address.