



AIFMD a Net Positive, Says Software Executive

December 31, 2013

While AIFMD poses several challenges for financial institutions, the measure will ultimately benefit the industry, says Alexey Utkin, financial services practice leader at DataArt UK, a software company that [recently released an AIFMD reporting tool](#).

“There’s obviously a great need for transparency, and I think the entire financial system stability is actually sort of relying on this data being collected,” says Utkin. “I think reporting this data should allow the regulators, if the next crisis comes, to assess the stability and see where the systemic risk comes from.”

Yet part of the problem has been delays in EU member states transposing AIFMD into national laws, and some of the requirements were not clarified until recently, making it difficult for fund managers to get up to speed on meeting their data needs.

“The time pressure and change in requirements... is definitely a challenge. All fund managers have quite a different reality in terms of their data management systems, the structure of their companies...[and] some questions like when they need to report were not answered until [November], so that was not serving them [well],” says Utkin.

Even once fund manager knows what it needs to report, compiling the data is still “quite an exercise,” says Utkin. “Some companies embraced it many months ago and are in good shape; some are in not so good shape. It’s quite a change to map their current data management systems to answer specific questions and what actually meets the reporting requirements.”

For funds that may not be ready in time, there could be a change in action. “I know that some funds are pulling from Europe at the moment, or it’s in their plans to set up a new hedge fund, and this may allow them to stay on intermediary requirements and not report for a few months. But maybe reporting isn’t the biggest reason for that... AIFMD is bigger than just reporting,” says Utkin. For example, fund managers seem to be more concerned with the depositary liability written into the directive.