

Edward Tran Talks Investor Challenges in Latest *PERE* Europe Roundtable 2020 Report

November 18, 2020

London Partner Edward Tran served as a panelist at *PERE* Europe Roundtable on "Fund Domiciles and Regulation." In a report on the roundtable released by *PERE*, Edward discussed the role "passporting" has played in leveling the field for investors looking to facilitate cross-border fund raising in the EU. However, the interpretation and application of the Alternative Investment Fund Managers Directive (AIFMD) sometimes hinders investors more than it helps. He stated, "Most non-European institutional and sovereign investors are well able to protect their own interests by making bilateral agreements with managers. For them the nuances of regulation probably just decrease the ease with which they can access investment opportunities, making investments more complex and costly as a result. I have seen a number of transactions go much more slowly or be paused as a result of those challenges."

On the topic of EU blacklisting of certain jurisdictions perceived to have abusive tax practices, the true impact may not be felt until 2021, when EU member states are required to take action against jurisdictions on the list. Edward noted, "One of those actions would be the imposition of withholding tax on funds with a Cayman entity or partnership in their structure. However, Cayman has taken some steps and hopes to get off the blacklist when it is reviewed in October this year, which would be welcome news."

The trade implications of a no-deal Brexit on December 31 pose a real challenge for fund managers. Edward predicts, "Brexit is going to make life a lot more difficult for all of us in the fund industry. It means increased regulatory uncertainty and cost. It has not helped investors and managers from the perspective of choice, certainty and investor protection. My personal view is that it has been a drag on investment."

Rounding out the conversation on the COVID-19 pandemic, Edward noted that it might be years before the regulatory ramifications on investors is fully realized. "As we went through lockdown in Western Europe and the US it came clear that regulators were very concerned about the resilience of

firms under their supervision. Not everyone had an adequate plan for working remotely for extended periods. Aside from the larger macro-commercial piece there is certainly more emphasis on making sure that can continue working and investing." ("[Riding the regulatory wave](#)," September, 2020)

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