

18 September 2026

By e-mail: cp26-28@fca.org.uk

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

Re: CP26/28: The UK AIFM Regime – Chapter 16: Removing the business restriction

Dear Sir/Madam

Managed Funds Association (“**MFA**”)¹ appreciates the opportunity to represent the views of the global alternative asset management industry in this written response to Chapter 16 (*Removing the business restriction*) of the Financial Conduct Authority’s (“**FCA**”) consultation paper CP26/28 on the UK AIFM Regime (the “**Consultation Paper**”).

MFA strongly supports the FCA’s proposed option 4 (removal of the business restriction).

We agree with the FCA’s observations regarding the issues with the current regime; most significantly that the business restriction has given rise to unnecessary complexity and costs for firms, forcing groups to establish, and seek separate authorisation for, affiliates to allow them to carry out the full range of regulated activities their business requires.

We also agree that the structural conflicts of interest issues that the business restriction was originally intended to mitigate can be more appropriately and proportionately addressed via other means; namely, the assessment of the appropriateness of a firm’s business model at the authorisation gateway in accordance with the FCA’s threshold conditions, and its broader prudential, conduct and governance rules.

¹ Managed Funds Association (“**MFA**”), based in Washington, D.C., New York City, Brussels, and London, represents the global alternative asset management industry. MFA’s mission is to advance the ability of alternative asset managers to raise capital, invest it, and generate returns for their beneficiaries. MFA advocates on behalf of its membership and convenes stakeholders to address global regulatory, operational, and business issues. MFA has more than 180 fund manager members, including traditional hedge funds, private credit funds, and hybrid funds, that employ a diverse set of investment strategies. Member firms help pension plans, university endowments, charitable foundations, and other institutional investors diversify their investments, manage risk, and generate attractive returns throughout the economic cycle.

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Additionally, MFA supports the FCA's indication that it would likely exclude all AIFMs from transaction reporting in connection with pursuing option 4. In this regard, we note the FCA's statement at paragraph 16.24 that "... firms should not structure themselves as AIFMs simply to avoid transaction reporting, so we may need to add rules to mitigate this risk." A firm that meets the requirements to be an AIFM should be able to be authorised as such. We do not think it is appropriate for the FCA to apply subjective value judgments on why a particular firm might wish to be authorised as an AIFM versus, for example, a MiFID investment firm. The uncertainty caused by firms being subject to such value judgments would have a chilling effect on firms wishing to avail themselves of the updated AIFM regime in the UK, which in turn would be contrary to the FCA's stated aims of enhancing the international competitiveness of the UK fund management market.

Should you wish to discuss this matter further, please do not hesitate to contact the undersigned on rhailey@mfaalts.org.

Yours faithfully

/s/

Rob Hailey
Managing Director
Head of EMEA Government Affairs