

WEBINAR

Revised UK AIFM regulations: Opportunities for the real estate sector

3 September 2026



Real Estate Regulatory Dynamic

- FCA and HM Treasury July consultations focus in particular on:
 - the manager and operators;
 - investor protection; and
 - appropriate reforms to AIFMR 2013
- Assets are FCA-unregulated:
 - Property is not a 'Specified Investment' Under FSMA.
- Wrappers are FCA-regulated



SPEAKERS



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AIFM reforms: key areas for real estate fund managers

1. Updated firm size thresholds, categories and calculation
2. Better tailored risk management rules for illiquid investment strategies
3. Liquidity risk management changes for open-ended funds
4. More precise and less prescriptive leverage calculation
5. Better balanced valuation rules
6. Specific reporting for infra/real estate and proportionality for smaller funds
7. Greater clarity and flexibility in investor disclosures

What's coming next?

1. Authorised AIF reforms: QIS, LTAF and NURS
2. The AIFM business restriction / MiFID activities
3. Depositaries (also see CP26/16 on the registration of authorised fund assets)
4. Liquidity risk management for authorised open-ended funds
5. Prudential reforms for asset managers of all types

New thresholds and tiered rules

"We want the regime for all AIFMs to be coherent but proportionate to firms' size." CP26/28 para 2.1

SMALL

< £750m NAV

Core baseline standards. No depositary required (CASS 6 applies); lighter valuation, risk and reporting rules. Ability to opt up to a higher tier.

MEDIUM

£750m – £5bn NAV

Depositary required; fuller valuation, risk and liquidity requirements and enhanced investor reporting. Ability to opt up to a higher tier.

LARGE

> £5bn NAV

Fullest requirements: independent valuation and risk functions, annual risk audit, enhanced investor reporting.

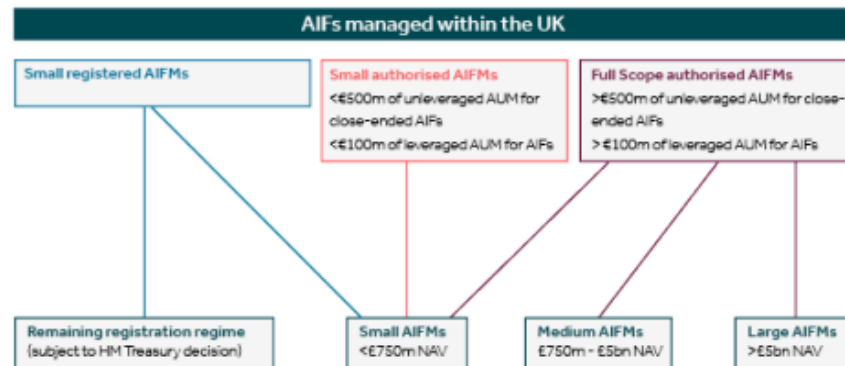
How the threshold is measured

- Aggregate quarterly mean NAV of all AIFs managed globally, plus any residual CIS operated
- Calculations to be re-run (for closed-ended funds) only on a material change in volume or value of business, or a significant change in asset values

Practical implications

- Tier determines valuation, risk, liquidity, disclosure and reporting
- Crossing a tier requires FCA notification, not a variation of permission
- Compliance lead-in when moving up threshold: six months for most obligations; 12 months to appoint a depositary

Figure 3: Proposed thresholds within the AIFMD regime



FCA authorisation becomes the default

“Most registered firms will be brought into the authorised AIFM regime and will become subject to its rules.” CP26/28 para 1.21

General rule

Most AIFMs need authorisation

Previously unregulated small registered AIFM, including property fund managers and internally managed companies, must obtain FCA authorisation

Narrow exceptions

SEF and RVECA routes remain for now

Only firms qualifying under the Social Entrepreneurship Funds or Registered Venture Capital Funds regimes avoid full AIFM authorisation (to be separately reviewed in 2028)

More funds in scope: new AIF definition and other new glossary terms

- Capital raising may have occurred in the past, be ongoing or take place in future
- A defined investment policy may be implicit rather than documented expressly
- New glossary definitions cover carried interest, joint venture and single-investor vehicles
- Historical residual CIS analysis brings certain collective schemes within the AIF perimeter

Regulatory perimeter expands

- The small registered AIFM regime disappears; all other AIFMs must be authorised (SEF and RVECA firms aside)
- Legacy small internally-managed UK-listed closed-ended investment companies leave the regime
- Larger vehicles and externally managed listed closed-ended funds, including investment trusts and REITs, stay in the regime
- Rules remain proportionate to firm size and fund complexity

Implications for depositary services

"We agree the regime could be improved, simplified and streamlined." CP26/28 para 13.11

Small AIFMs

No depositary required

CASS 6 applies instead. A depositary may still be appointed voluntarily: for investor expectations, consistency across a fund range, or cross-border marketing.

Medium and large AIFMs

Depositary required

The requirement is unchanged for unauthorised funds. Firms moving up from small have 12 months to appoint, with CASS 6 applying in the interim.

Allocation of responsibilities in play

- The FCA is seeking views (discussion chapter) on a more flexible allocation of depositary duties
- A split model is being considered: one UK depositary with overall oversight, other providers handling safekeeping
- It is also questioning whether the depositary should continue to duplicate the AIFM's cash-reconciliation work
- Cost and capacity are the key issues: comments on the discussion chapters are due by 18 September 2026

"Depo-lite" is not going away

- UK AIFMs marketing into certain EU member states under Article 42 NPPR must still put depo-lite arrangements in place
- So a small AIFM with no UK depositary obligation may still need one for EU distribution
- Factor this into fundraising plans and cost models before relying on the UK relief

Residual CISs and non-UK managers: NPPR

“... some CIS that should, in our view, be categorised as AIFs [are] instead being categorised by firms as CISs only.” CP26/28 para 3.3

Residual CISs

Limited but meaningful regulation

The FCA recognises that many residual CISs are low-risk administrative or special-purpose vehicles, and proposes rules scaled accordingly.

Non-UK managers

NPPR stays, with some changes

NPPR remains in place, with procedural changes, a new duty to notify when marketing stops and an FCA public register.

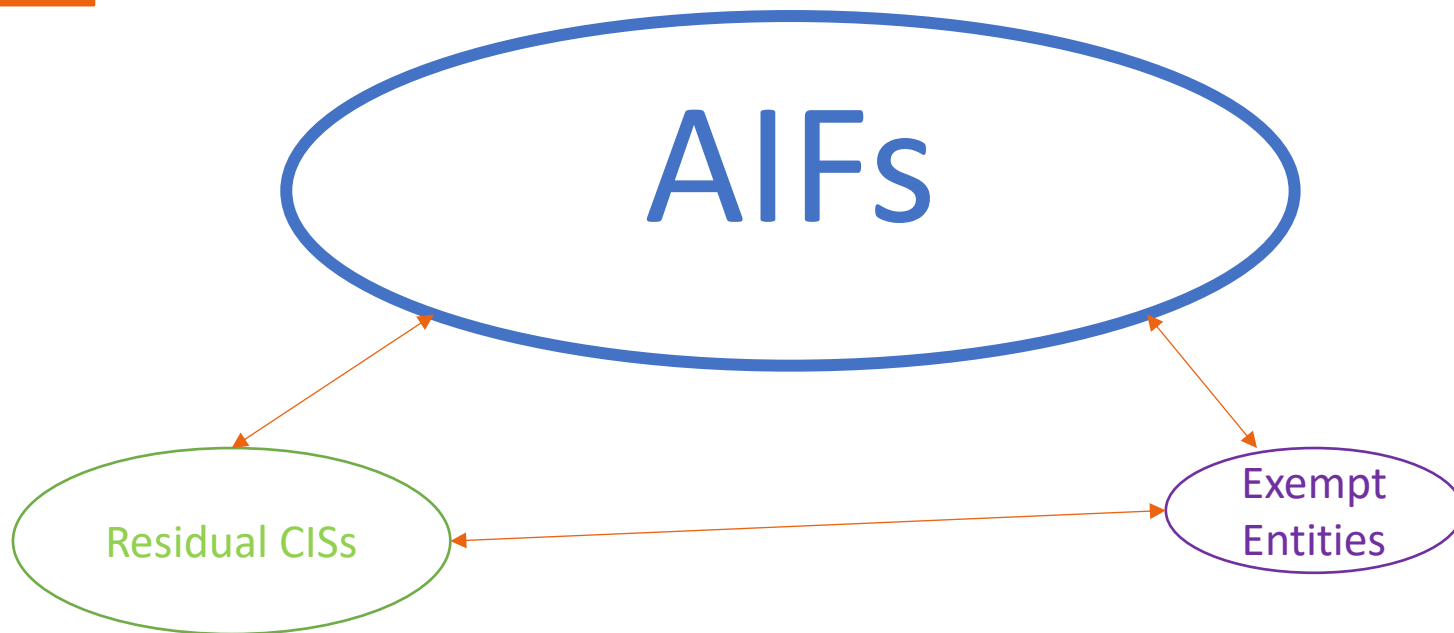
What residual CIS managers face

- Limited reporting: number of residual CISs, gross notional value and purpose, annually via FRAME (a short form, within 120 days)
- Disclosure: pre-contractual and annual reporting rules aligned with ALTS, with an unaudited annual summary rather than a full report
- Excluded entities: vehicles exempted by law from the AIF definition, e.g. employee participation schemes, plus carried interest, JV and single-investor vehicles
- Scope remains under development: the FCA is gathering information on prevalence (c.420 firms estimated) and may refine the proposals

What changes for non-UK managers

- UK pre-contractual disclosure and reporting under FRAME now diverge from AIFMD Article 23 and Annex IV reporting; the gap will widen as the FCA streamlines further
- Small third country AIFMs (<£750m aggregate NAV) are treated as small UK AIFMs for investor reporting
- The practical question: for managers marketing in both jurisdictions, will the FCA require UK-specific disclosures, or allow a single, fuller EU-style package for everyone?

New world: AIFMR Entity Options



Useful to consider impact on each AIFM category: small/medium/large.

Which of these entity options will be adopted in practice by co-mingled funds/club deals/joint ventures?

What will be the interaction with RIFs?

Interaction with the RIF

- RIF required to be both an AIF and a CIS
- Comparison with:
 - other unauthorised funds e.g. engaging a depository
 - offshore alternatives



[10 September 2026 – RE:UK Webinar: How to launch and operate a RIF | Real Estate:UK](#)

[RIF – Reserved Investor Fund – Melville Rodrigues Consulting](#)

AIF External Valuers

- Welcomed reform:
 - industry request: reform must be implemented ASAP
- valuers no longer at risk of mandatory unlimited liability
- Should result in “win-win-win”:
 - more robust valuations;
 - greater investor protection; and
 - business opportunity for UK valuers



[Fund External Valuer – Melville Rodrigues Consulting](#)

FCA CP 26/28 Chapter 7 – liquidity provisions

- IOSCO Guidelines;
 - General provisions;
 - Small, medium and large AIFMs;
 - Proposal that medium and large UK AIFMs of open-ended AIFs that invest in other open-ended funds should be required to 'look through' to the portfolio of those other funds to better assess the liquidity risk.
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- Policy Statement PS26/17 - Enhancing fund liquidity risk management;
 - Further consultation on funds investing in inherently illiquid assets ("FIAs").

Why we welcome the revised UK AIFM regime and FRAME

A more proportionate, UK-specific framework can preserve strong standards while removing avoidable friction.

1

Proportionate by design

Regulation calibrated to size, activities and risk profile

A three-category model based on aggregate NAV

Core investor protection and market integrity safeguards retained

2

Simpler architecture

Firm-facing requirements moved into a single FCA sourcebook, ALTS

Less duplication across legislation, FCA rules and existing reporting

A framework that can be updated more readily as markets evolve

3

Better regulatory data

FRAME consolidates fragmented fund reporting into more consistent forms

Reporting intensity becomes more risk-sensitive

Better data quality should support more focused supervision

What the reforms could mean in practice for a fund manager

The opportunity is both operational and strategic, but delivery will require a coordinated change programme.

1 Operating model

Potential removal of the AIFM business restriction could allow AIFM and MiFID activities within one authorised entity

This creates a strategic choice over the future of business structures

Any change would require careful permissions, governance and transition planning

2 Controls and processes

Re-map policies, responsibilities and oversight to the new ALTS rules

Reassess fund classification, regulatory capital, delegation, valuation and depositary requirements

Update disclosures, annual reporting and compliance monitoring

3 Data and reporting

FRAME could replace multiple existing returns with consolidated reporting

Regulated firms would need clear data ownership, controls and system readiness across fund teams and service providers

The transition should be used to improve data lineage, consistency and governance

Where early certainty and speedy implementation would help

Firms need final policy decisions quickly enough to make structural choices and build once, not twice.

1

Confirm the end-state early

Finalise the business restriction approach and related permissions mechanics

Give early clarity on the treatment and transition of registered small AIFMs

Resolve key scope questions, including the AIF definition and residual CIS perimeter

2

Sequence the rule changes

Align HM Treasury legislation, ALTS and FRAME implementation

Publish final data definitions, validation rules and technical specifications early

Avoid overlapping reporting builds or short-lived interim solutions

3

Enable orderly transition

Provide realistic lead time for permissions, fund documents, contracts, systems and governance approvals

Offer clear transitional arrangements where appropriate

Maintain active regulator and industry engagement through implementation

Q&A



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