PRIVATE CAPITAL FUND RAISING

Leveraging the Alternative Investment Fund Managers Directive marketing passport

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INTRODUCTION

The regular flow of incoming capital is a necessity to any private fund sponsor, and subsequently fundraising never stops. The potential to broaden distribution to 30+ European countries (including four of the G7[1]) is an attractive proposition for many, and is possible by leveraging Europe's **Alternative Investment Fund Managers Directive (AIFMD)** marketing passport. In doing so, fund sponsors can become more competitive over their domestic counterparts while levelling the playing field with their European competitors who are fund raising outside Europe.

AIFMD was introduced into the European Union (EU) legal framework to regulate and supervise the activities within the EU of all Alternative Investment Fund Managers (AIFMs), including those which have their registered office in a Member State (EU AIFMs), and those which have their registered office in a third country (non-EU AIFMs) managing and distributing Alternative Investment Funds (AIFs) across the European Economic Area (EEA)[2]. The directive fundamentally exists to reinforce investor protection and to limit systemic risk making. This has resulted in AIFMD-compliant funds being generally viewed as a more attractive proposition by institutional investors who are sometimes confined within the boundaries of their investment compliance policies.

AIFMs must adhere to the common rules for authorization, organization and supervision set by the AIFMD. Additionally, only entities established within the EU can currently be authorized as an AIFM in obtaining a marketing passport.

This booklet, published by **RBC Investor & Treasury Services** and **Elvinger Hoss Prussen, société anonyme** offers guidance to those non-European private capital fund sponsors (fund sponsors) who may be considering leveraging AIFMD to increase fund raising opportunities. It explores the fund structuring impact that a fund sponsor should consider, general requirements in obtaining a marketing passport, as well as an explanation of the various service providers that may be required.

There are a number of examples contained that are attributed to Luxembourg. While an AIFMD fund may be established in any EU jurisdiction, Luxembourg is currently viewed as one of the more popular destinations for private capital sponsors[3]. It is not the intention of this guide to endorse or advise in the choice of any jurisdiction over another, but provide references and examples in leveraging Europe as an additional source for fund raising.

We hope you find it useful.

1. AIFMD passporting into and out of the United Kingdom (UK) still to be determined due to the UK's decision to withdraw from the EU (January 2019)
2. Refer to page 24 for overview of EU and EEA member countries
3. PERE / RBC I&TS Regulation and Fund Domicile Survey 2018

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MARKETING PRIVATE CAPITAL FUNDS IN EUROPE

While the AIFMD includes a marketing passport system, it is currently only available to EU AIFMs distributing EU AIFs across the EEA. The EU AIFM would need to send notification to the competent authorities of its home member state who will in turn transmit the file to all others across the EU where the EU AIFM intends to market the AIF. This process takes approximately 20 days.

Sponsors of non-EEA AIFs are currently unable to distribute AIFs in the EEA other than through the National Private Placement Regimes (NPPRs) or by accepting reverse solicitation inquiries. The latter relies on prospective investors approaching the sponsor who in turn must prove that they have not performed any prior positive action (for example, actively engaging with potential limited partners). The regulatory and financial risk is borne by the fund sponsor. While AIFMD specifies the common minimum standards for NPPRs, the regimes remain fragmented across the Member States and are supposed to be phased out as we progress through AIFMD's planned implementation.

The AIFMD has a three-phase planned implementation:

The transition to phase 2 and the activation of allowing non-EEA AIFMs to market EEA and non-EEA funds with an AIFMD passport has not progressed as originally anticipated. Although the timing to advance through to phases 2 and 3 is uncertain, European legislative efforts are on their way to achieve greater convergence on some fund distribution aspects, including "pre-marketing" that is often used by sponsors relying on the NPPRs.

Pre-marketing allows sponsors to disseminate information relating to their products in those jurisdictions that have embraced the concept (for example, Luxembourg) without triggering any marketing notification or registration requirement. Sponsors routinely use pre-marketing as a way to "test the market" to determine whether it is worthwhile to go through the NPPR process for a given jurisdiction.

Given the uncertainty over how long the NPPR will remain, and sponsors wanting the freedom to market across multiple EU states, it is commonplace for non-EU sponsors to employ an EU AIFM.

4. See page 7 for an overview of NPPR
5. Commission Proposal for a Regulation of the European Parliament and of the Council on Facilitating Cross-Border Distribution of Collective Investment Funds and Amending Regulations (EU) No 345/2013 and (EU) No 346/2013, COM (2018) 110 final (Mar. 12, 2018); Commission Proposal for a Directive of the European Parliament and of the Council Amending Directive 2009/65/EC of the European Parliament and of the Council and Directive 2011/61/EU of the European Parliament and of the Council with Regard to Cross-Border Distribution of Collective Investment Funds, COM (2018) 92 final (Mar. 12, 2018).

About National Private Placement Regimes (NPPR)

NPPR allows AIFMs to market AIFs without the passport. This principally relates to the marketing of non-EU AIFs and AIFs managed by non-EU AIFMs.

All countries that allow private placement will apply at least the minimum AIFMD standards (listed below) and require notification to, and in some cases approval of, the home regulator of the intention to market in the country.

- The non-EU AIFM must comply with the transparency requirements of the AIFMD;
- If the manager manages an AIF which acquires control of a non-listed company, the provisions of the AIFMD relating to major holdings and control must be complied with;
- Appropriate cooperation arrangements must be in place between the regulator of the Member State where the AIF is marketed and the regulator of the AIFM's Non-EU country;
- Appropriate cooperation arrangements must be in place between the competent authorities of the Member State where the AIF is marketed and the country where the Non-EU AIF is established; and
- The Non-EU country must not be listed as a non-Cooperative country and territory by the Financial Action Task Force.

Part of the success of fund sponsors fundraising efforts in the EEA and using the passport is that such fund sponsors also allow allocators / distributors in Europe to similarly set up their own European feeders for the fund sponsors' vehicle, with such feeders being able to benefit from the marketing passport. As a result, the distribution capabilities are multiplied. This is not possible when using NPPRs.

MANAGING PRIVATE CAPITAL FUNDS IN EUROPE

The AIFM

The AIFM must be entrusted with the portfolio and / or risk management for the AIFs that it manages. It will also be responsible for the asset valuation[8]. It may additionally perform administration[9], marketing and certain other activities related to the assets of the AIFs.[10]

AIFMs must also provide information as required by the competent supervisory authority of their home EU member state in order for such authority to monitor the AIFM's compliance with the AIFMD. In addition, and subject to certain limited exceptions, an AIFM cannot engage in any activity other than "managing AIFs" or hold any other regulatory license[11]. There are two main categories of exception from this general rule:

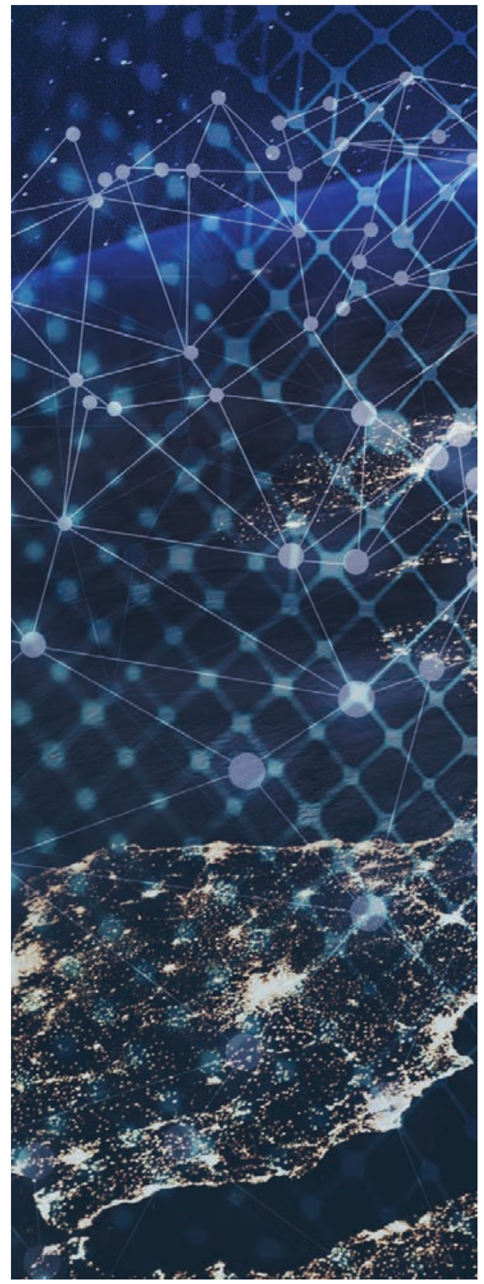
Category 1

Obtaining a license to manage UCITS funds, effectively creating what is commonly referred to as a "Super ManCo",

Category 2

Applying for an extension of the AIFM license to provide;

- Management of portfolios of investments in accordance with mandates given by investors on a discretionary, client-by-client basis, and / or,
- Non-core services, which include investment advice, safekeeping, administration, and reception and transmission of orders in relation to financial instruments.



Capital requirements

The AIFM must have an initial share capital of at least EUR 125,000 in fully paid-up, unencumbered shares and additional own funds, the level of which will depend on its assets under management and on how it chooses to cover for professional negligence. Furthermore, own funds must be at least equivalent to a quarter of the preceding years fixed overhead.

Governance and human resources

Governance structure and human resources requirements are not harmonised. However, taking the Luxembourg example which is generally considered as a sound benchmark, an AIFM is subject to a dual governance structure:

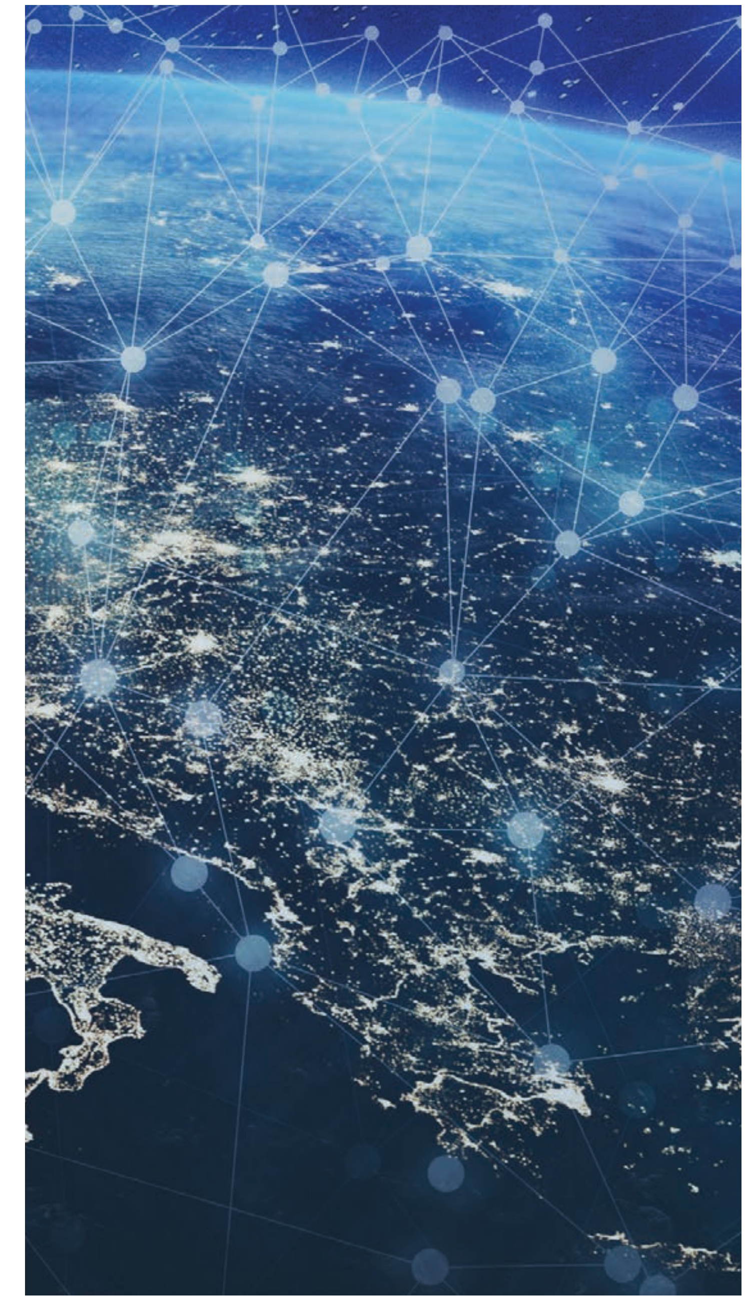
1. **The governing body** - Composed of at least three directors / managers who have enough time capacity to devote to each of their mandates. A majority of such directors may not sit on the board or be otherwise part of the managing body of an AIF managed by the AIFM.

2. **The management body** - Appointed by the governing body, composed of at least two individuals (the conducting officers) or more for AIFMs with substantial assets under management and who are in charge of the core functions of the AIFM with respect to the funds it manages.

The AIFM must employ at least three full-time employees (conducting officers employed by the AIFM will count toward that number) at the Luxembourg office who dedicate their working time to the performance of key functions. With regard to the nature, scale and complexity of its activity, the AIFM must adapt the size of its teams dedicated to key functions and, as a consequence, may need to employ more than 3 full-time employees with the necessary skill, knowledge and expertise to perform such key functions.

Key functions

- portfolio management
- risk management
- administration of AIFs
- marketing
- compliance
- internal audit
- handling of complaints
- AML-CTF compliance
- Asset valuation
- IT
- Accounting



8. Even if an independent third party valuer is appointed, the AIFM will remain liable towards the fund and its investors for the valuation.
9. Administration includes legal and fund management accounting services; customer inquiries; valuation and pricing, including tax returns; regulatory compliance monitoring; maintenance of unit-shareholder register; distribution of income; unit/shares issues and redemptions; contract settlements, including certificate dispatch; and record keeping
10. Such activities are "namely services necessary to meet the fiduciary duties of the AIFM, facilities management, real estate administration activities, advice to undertakings on capital structure, industrial strategy and related matters, advice and services relating to mergers and the purchase of undertakings and other services connected to the management of the AIF and the companies and other assets in which it has invested."
11. Article 6 of the AIFMD.

Group AIFM or third-party AIFM?

Fund sponsors have two primary options to choose from:

Option 1
Appoint an unaffiliated entity already authorized as an AIFM (a third-party AIFM); or

Option 2
Set up their own AIFM (an affiliated AIFM).

Appointing a third-party AIFM alleviates a number of administrative burdens on the fund sponsor, such as establishing, authorizing, and monitoring compliance of the AIFM. It also allows them to quickly tap into European capital if it raises a fund with a specific placement window and to concentrate on the core activity, portfolio management, investment sourcing, capital raising, etc. This is also a cost-efficient method to "test the waters." Opting for the services of a third-party AIFM, however, also forces the fund sponsor to accept a level of third-party oversight that some may feel is intrusive.

Establishing an affiliated AIFM carries with it a number of benefits, including;

- direct oversight and direction of the AIFM's policies and procedures;
- increased ability to delegate certain AIFM functions to other sponsor affiliates; and
- greater control over the AIF's operations.

Delegation of functions to third parties

Key for many sponsors is the AIFM's ability to delegate portfolio management to the relevant business unit or people. AIFMD permits an AIFM to delegate the responsibility of carrying out functions on their behalf to third parties, subject to certain conditions. When tasks are delegated, the AIFM must review the services provided by any delegates on an ongoing basis. Notwithstanding any delegation, the AIFM's liability toward its regulator, the AIF, and the investors of the AIF are not affected by any delegation of the AIFM's functions.

For private capital investment strategies that tend to have infrequent trades, an alternative to a portfolio management delegation is the entry into an advisory relationship. Under this model, the sponsor merely advises the AIFM, which then takes an independent view as to how to proceed.

From a practical perspective, many asset managers that have chosen the route of an advisory relationship have elected to establish an investment committee at the level of the AIFM with representatives of the investment advisor and of the AIFM.

The General Partner (GP)

The GP has full power to manage, operate, represent and bind the AIF but its role will effectively be to regularly supervise and monitor the activities of the AIFM and that of the other service providers.

For many US based managers, this arrangement is a departure from the more common practice in Delaware or Cayman whereby the general partner controls all aspects of the partnership and also executes the adviser's investment recommendations. US sponsors and their counsel should note that, even if the role of the GP is somewhat neutered by the application of the AIFMD, its tailored activities still need to occur and be properly documented.

STRUCTURING PRIVATE CAPITAL FUNDS IN EUROPE

Fund structure options

European AIFs can be structured as individual funds (stand alone or parallel), or as feeders into a master feeder that can be located outside of Europe.

1 A feeder AIF is an AIF of which, either:

85%

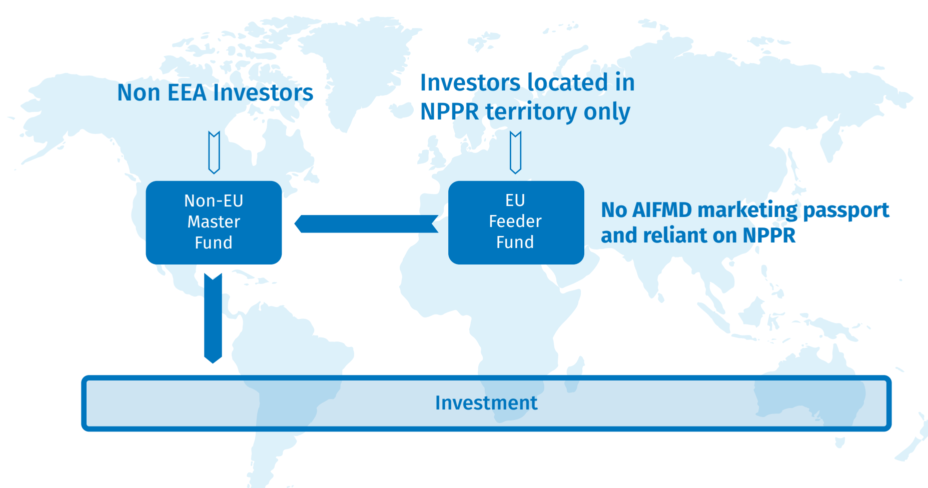
1) of its assets are invested in units or shared of another AIF (master AIF)

2) of its assets are invested in more than one master AIF where those master AIFs have identical investment strategies

3) exposure of its assets to a master AIF

Setting up a European feeder into a non-European master (e.g. Delaware) will not currently avail a fund sponsor of a marketing passport. As a result this option is only pursued by a minority of sponsors with limited fund sizes and who are typically not continuously in the market.

Master Feeder Concept

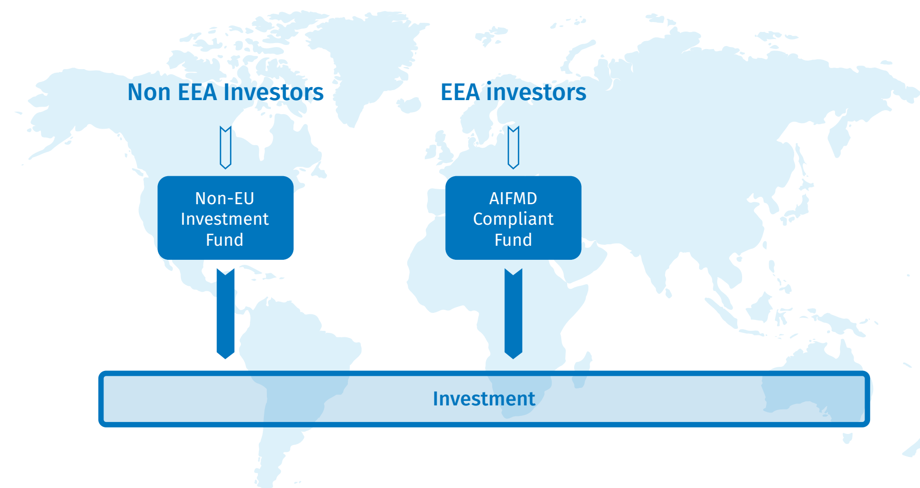


2 Parallel funds

The most successful and common model[6] to access EU investors are parallel fund structures. While the fund sponsor continues to use Cayman or Delaware structures (as an example) to attract non-EU investors (mainly North American, Asia and Middle East investors) in "parallel", EU funds are structured to attract European capital. These funds then co-invest into the same assets.

As those parallel EU funds have a EU AIFM, they can be distributed using the AIFMD marketing passport.

Parallel Fund Concept



3 Stand alone funds

As more non-EU investors have started investing in EEA-based funds, some US sponsors have moved away from a parallel structure, involving offshore (e.g. Cayman) and other (e.g. Luxembourg) funds to using onshore only. This rising trend is due to investors' arbitrage: why invest in a "regular" product when it can invest in a product which has various safeguards for investors and stakeholders with strict liability?

6. Based on RBC I&TS and Elvinger Hoss Prussen société anonyme observations

CONSIDERING LUXEMBOURG PRIVATE FUNDS

Partnership(s)

Both Luxembourg and Ireland (the two most popular European fund jurisdictions) offer a vast array of fund structuring options. However, Luxembourg is the only one of the two which has a modern partnership regime based on anglo-saxon partnerships with which North American sponsors and worldwide investors are comfortable with.

Luxembourg has the common limited partnership (SCS) and the special limited partnership (société en commandite spéciale) (SCSp). The SCS and the SCSp are each unregulated, tax-transparent vehicles that were designed to compete with the contractual flexibility afforded by partnership laws in jurisdictions such as the United Kingdom, the Cayman Islands and Delaware.

SCS or SCSp?

The primary differences between the SCS and the SCSp are that the former has a legal personality, while the latter does not; and that the SCS may be forced to apply Luxembourg Generally Accepted Accounting Principles (GAAP) and its accounts must be approved by its partners.

As a result, our observations suggest the SCSp form is far more popular than the SCS with US sponsors in particular. One notable exception, however, is when a US sponsor relocates a fund from a jurisdiction where partnerships have legal personality (for example, Delaware) to Luxembourg. In that case, using an SCS, which has legal personality, is preferred to ensure the continuation of personality upon relocation.

Reserved Alternative Investment Fund (RAIF)

The Luxembourg RAIF was introduced in 2016. It is often mistaken for a self-standing product, but it is in fact a product regulation, meaning that it provides a layer of additional features that can be added to a Luxembourg fund of the corporate or partnership form and opens up the possibility to opt for "mutual fund" type treatment (fonds commun de placement).

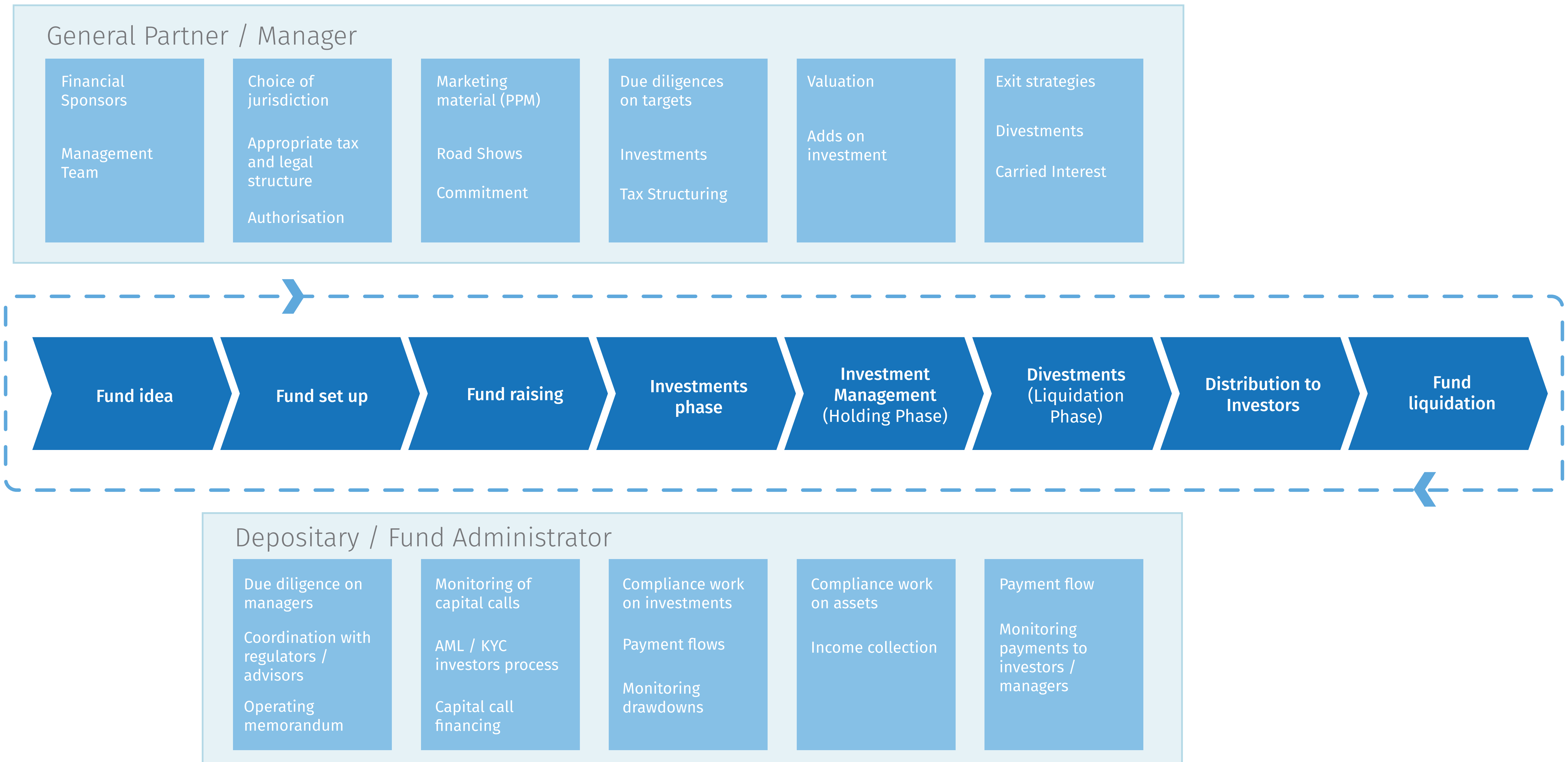
The RAIF is proving to be popular; two years after its debut there are already 600+ in operation.

Key features of RAIF	Considerations
• The RAIF regime allows any entity subject to (including a partnership) to create compartments that are ring fenced from one another. This allows sponsors to launch various products out of the same entity with some economies of scale. A popular route for sponsors wishing to establish a multi-product platform. • The RAIF is subject to a specific tax regime where only a subscription tax (taxe d'abonnement) is levied on its net assets at a rate of 0.01 percent p.a.[7] This simplifies the tax treatment of regular corporate entities, but is at a slight disadvantage when compared to the completely transparent nature of partnerships. As a result, most of the RAIFs are used by sponsors opting for an entity with a corporate form.	• The RAIF requires more re-engineering and rework of existing documents and processes if a US sponsor intends to use its existing stand-alone Delaware or Cayman Islands product as a precedent. As a result, US sponsors that routinely launch new standalone funds in Delaware or the Cayman Islands tend to prefer to do the same in Luxembourg and to not avail themselves of the possibilities offered by the RAIF regime.

7. Certain types of income are exempted from tax. RAIFs investing exclusively according to a private equity policy can opt for a different tax treatment.

FUND LIFECYCLE

The AIFM and the third party service provider are supporting and managing the AIF during the lifecycle of the fund. The support covers the various stages from the fund idea, fund setup, fund raising and investment phase until the management, divestment, distribution and liquidation phase.



THIRD-PARTY SERVICE PROVIDERS

There are certain obligations to the appointment of third-party service providers to carry out auditing, safe-keeping, oversight duties and administration. While fund sponsors are generally accustomed to engaging third-party administrators and auditors, the specific requirements stemming from the AIFMD can result in duplicative procedures and costs when applied in the context of a parallel structure with EU and non EU funds.

In light of the operational implications, it is important to recognize from the outset that these requirements will touch the finance, investor relations, operations, tax and investment professionals at a sponsor, not merely the legal and compliance team. Consequently, it is critical to socialize seemingly innocuous requirements early in the fund formation process before they become intractable problems for the business. Additionally, it is important to ensure there is no potential for conflict of interest should the AIFM be acting as the depositary and/or administrator.

The administrator

For popular private capital jurisdictions (e.g. Luxembourg. Ireland), it is unlikely that the AIF will have the premises or employees necessary to carry out the central administration functions. As a result, these duties are almost always delegated to a third-party administrator who will also oversee AML / KYC clearance for investors.

As part of the central administration function, the administrator will take on primary responsibility for many finance and accounting related duties, including the maintenance of the fund's books and the calculation of the fund's net asset value as well as reporting duties related to the accounting.

The depositary

As part of the investor protection established by the AIFMD, an AIFM must appoint a depositary for each AIF that it manages. The role of the depositary is:

1) Safekeeping of assets
For private capital, the depositary is obligated to verify the ownership of the AIF over such assets. Accordingly, the depositary must trace legal ownership from the AIF, through underlying transaction and holding structures, to each individual asset in the portfolio. In practice, this generally requires the sponsor (or its outside counsel) to deliver an extensive package of materials to the depositary in connection with each investment and divestment.

2) Perform a general oversight and control function over the AIF.
The AIFMD expanded the role of depositaries to encompass certain oversight and control responsibilities. These quasi-supervisory obligations include ensuring that the value of interests / units of an AIF, its subscriptions, redemptions, and any transfers of interests / units are performed in accordance with appropriate laws, and additionally calculated with the organizational and governing documents of the fund.

In order to ensure that the oversight required of the depositary is appropriate and proportionate to the risks presented by an AIF, the depositary will typically perform an initial assessment to identify the most prevalent and significant risks. Once those risks have been identified, the depositary will then establish control and verification procedures to monitor, evaluate and test for these risks going forward.

While the oversight function is useful to legal, compliance and finance teams in identifying and correcting gaps in existing policies, procedures and protocols, the engagement of the depositary inserts a third party into a compliance / audit function and needs to be respected as such.

3) Monitoring of cash flows
Depositaries will generally require that all cash accounts of an AIF are either opened with, or the depositary is provided with access to balance and cash movement information for accounts held at other institutions. As part of its monitoring function, the depositary will generally reconcile daily cash movements to other information that it receives concerning the AIF (e.g. subscriptions, redemptions, capital calls, distribution notices, quarterly reports, etc).

Cash flow monitoring generally entails very light touchpoints between the fund sponsor and the depositary; most of the activity occurs behind the scenes, as sponsors are typically able to satisfy the requirements by providing the depositary with access to their investor reporting portal and by opening cash accounts with the depositary, or by providing read-only access for accounts held elsewhere.

The auditor

An AIFM must make available an annual report for each financial year for each AIF that it manages. Among other disclosures, the annual report must include a balance sheet or statement of assets and liabilities, as well as an income and expenditures account for the financial year.

The annual report is generally required to be filed with the appropriate competent authority, and the accounting information in the report must be prepared and audited by a local statutory auditor. For US managers of parallel structures comprised of both EU and non-EU funds, the requirement for an EU auditor typically results in a minimum of two audits and two sets of financial statements for the fund platform.

In order to maintain consistency and conformity in accounting principles across the funds and the firm, US managers will almost universally appoint an EU affiliate of their auditor in the US , if it is an available option.

GLOBAL PRIVATE ASSET MARKET

The long-term

Since its introduction in 2013, the AIFMD has contributed towards the popularity of private capital asset classes among European institutional investors, in particular. Previously, common concerns were the lack of transparency and oversight fund sponsors could provide to would be investors which the AIFMD has removed.

Private market fundraising grew by 3.9% globally with Europe growing at 10.7%

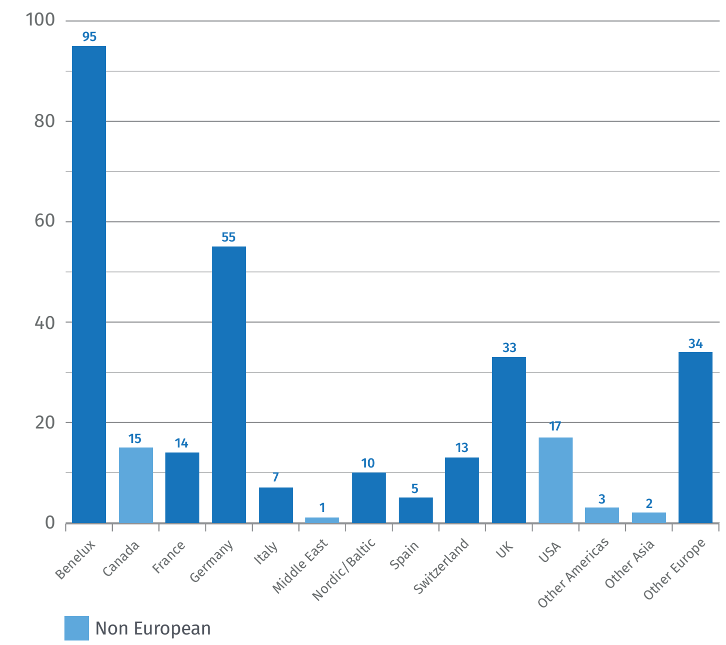
		Private equity	Closed-end real estate[1]	Private debt	Natural resources	Infrastructure	Private markets
North America	Total, $ billion	233	70	67	45	33	448
	2016-17, $ billion	+36.6	-8.4	-1.2	-12.4	+0.2	+14.9
	YoY change, %	18.6	-10.7	-1.8	-21.8	0.7	3.4
Europe	Total, $ billion	95	30	33	16	22	196
	2016-17, $ billion	+2.0	-0.8	+6.9	+9.0	+1.9	+19.0
	YoY change, %	2.1	-2.7	26.2	127.5	9.6	10.7
Asia	Total, $ billion	60	9	6	1	2	78
	2016-17, $ billion	+5.3	-2.3	+3.9	+0.4	-9.4	-2.2
	YoY change, %	9.6	-20.0	192.0	50.7	-86.1	-2.8
Rest of world	Total, $ billion	9	3	1	6	7	26
	2016-17, $ billion	-4.7	-3.5	+0.4	-0.2	+4.6	-3.4
	YoY change, %	-35.5	-56.7	55.1	-3.6	239.9	-12.2
Global	Total, $ billion	397	112	107	68	64	748
	2016-17, $ billion	+39.2	-15.1	+10	-3.3	-2.6	+28.2
	YoY change, %	11.0	-11.9	10.2	-4.6	-4.0	3.9

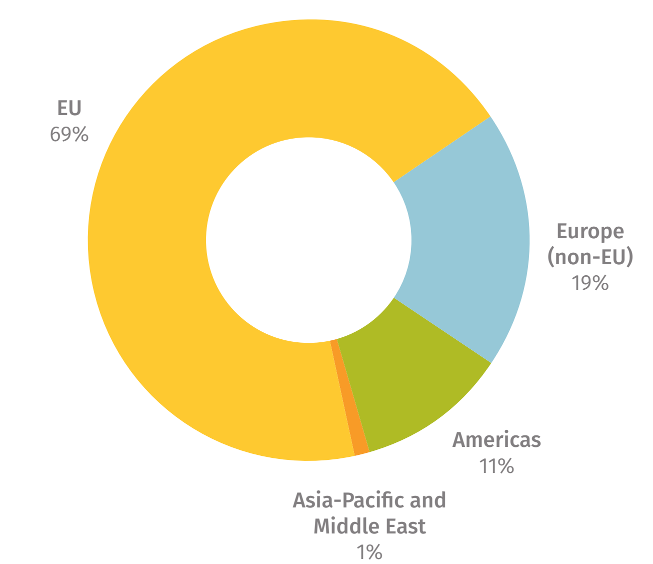
1. Closed-end funds that invest in property. Includes core, core-plus, distressed, opportunistic, and value-added real estate as well as real-estate debt funds. Note that real estate as an overall asset class grew when accounting for growth in open-ended funds as well as separately managed accounts.
Source: Preqin

It is no coincidence that the low interest rate environment coupled with volatility in liquid assets over the past decade has equally helped the growing popularity of AIFMD-compliant private capital funds. As institutional investors remain under pressure to seek returns, there is a popular belief that private asset classes will continue to deliver returns above public markets.[12]

Establishing AIFMD compliant funds within the EEA however is not without complications and it is imperative that sponsors looking to distribute across Europe should seek the appropriate guidance before embarking on such a venture.

Proportion of RAIFs launched in Luxembourg by initiator origin





Source: ALFI Real Estate funds report 2018

The latest ALFI report on Real Estate funds (2018) launched in Luxembourg are confirming the trends as 11% of the Real Estate funds launched in 2018 have been managed by Initiators from North America.

12. McKinsey Global Private Markets Review 2018

ABOUT RBC INVESTOR & TREASURY SERVICES

With a deep understanding of private capital fund structures, RBC Investor & Treasury Services (RBC I&TS) takes a consultative approach to deliver an integrated financial and administrative solution to meet the needs of GPs, fund managers, and/or their underlying investors.

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- Full depository licenses in more than 10 jurisdictions
- A culture of client collaboration delivering products and services that meet our clients need
- Expertise to tailor and adapt the onboarding process of cross-juridictional projects
- Demonstrated commitment in supporting private capital funds through the ongoing investment into technology and product development

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- Corporate & Registrar Services
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- Fund administration (including regulatory reporting)
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ABOUT ELVINGER HOSS PRUSSEN

Our firm was founded in 1964 by lawyers committed to excellence and creativity in legal practice. Since then, we have shaped a firm fit for one purpose; to deliver the best possible advice for businesses, institutions and entrepreneurs.

Our partners are uncommonly supportive of clients and of each other; we form cross-border arrangements with peers based on each case's demands; and our colleagues are unusually united around our values.

Elvinger in the U.S.

In December 2017, Elvinger Hoss entered into an exclusivity agreement with Elvinger S.à r.l. PLLC to be represented in New York and to offer Luxembourg law advice to our North American clients on their doorstep. Our small team of experienced Luxembourg lawyers there will assist asset managers and US companies with all aspects of their Luxembourg legal requirements.

Asset Management and Investment Funds

We advise on a wide range of investment products, with a client base of similar diversity: from boutique investment houses to the largest American, British, continental European and Asian fund promoters. We are the leading firm in Luxembourg in terms of net assets of investment funds for which we act as legal adviser.

Our service is based on our deep understanding of the fund industry, as well as on the collective legal and regulatory knowledge of our teams. We have extensive experience in setting up all types of investment vehicles such as UCITS, regulated AIFs like SIF and SICAR, and non-regulated AIFs like RAIF. We have dedicated specialists covering all asset classes, from hedge funds to private equity, real estate, infrastructure, debt and microfinance funds. Our teams guide fund promoters and asset managers on fund structuring, eligible investments and strategies, draft the required legal documentation and ensure that regulatory approval is obtained.

We are committed to the evolution of Luxembourg as the primary European investment fund centre. We actively participate in discussions with the government and the regulator on the evolution of the financial sector – thus contributing to legislative development and origination of new legal structures.

Our partners are members of a number of advisory committees led by the Commission de Surveillance du Secteur Financier (CSSF) where regulatory developments are discussed with industry practitioners. As a result of our participation in these committees and our day-to-day involvement in the CSSF approval process, we have a very good relationship with the CSSF. Our clients therefore benefit from the efficient resolution of their regulatory matters.

Our lawyers are members of ALFI's board of directors (Association of the Luxembourg Fund Industry), regulatory board and various working groups, giving us direct exposure to the latest developments and the ability to keep our clients ahead of regulatory changes and opportunities.

Our partners are also actively involved in the Luxembourg Private Equity and Venture Capital Association (LPEA) which plays a major role in the promotion and the development of the private equity industry in Luxembourg. We co-chair the legal committee of the LPEA.

Our full-service approach spans not only all types of investment funds, but also the entities providing supporting management, custody, administration and distribution services.

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APPENDIX. EU AND EEA COUNTRIES

Provided by Europa.eu (February 2019)

European Union Member State countries

AUSTRIA


Capital: Vienna

Official Language(s): German

EU Member since: 1995

Currency: Euro

Population: 8.9 million

BELGIUM

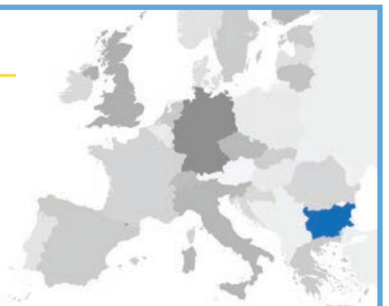

Capital: Brussels

Official Language(s): Dutch, French, German

EU Member since: 1958

Currency: Euro

Population: 11.2 million

BULGARIA


Capital: Sofia

Official Language(s): Bulgarian

EU Member since: 2007

Currency: Lev

Population: 7.2 million

CROATIA

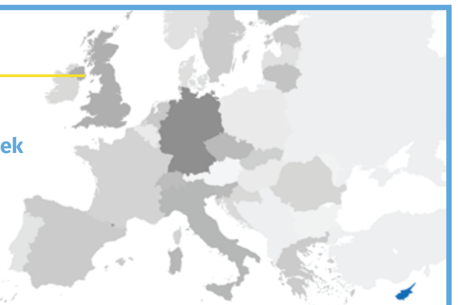

Capital: Zagreb

Official Language(s): Croatian

EU Member since: 2013

Currency: Kuna

Population: 4.2 million

CYPRUS


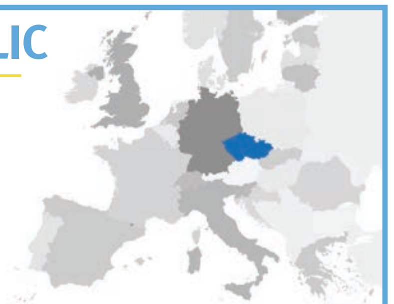
Capital: Nicosia

Official Language(s): Greek

EU Member since: 2004

Currency: Euro

Population: 0.8 million

CZECH REPUBLIC


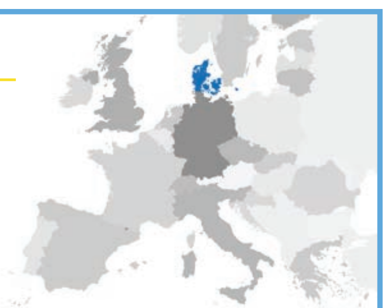
Capital: Prague

Official Language(s): Czech

EU Member since: 2004

Currency: Koruna

Population: 10.5 million

DENMARK


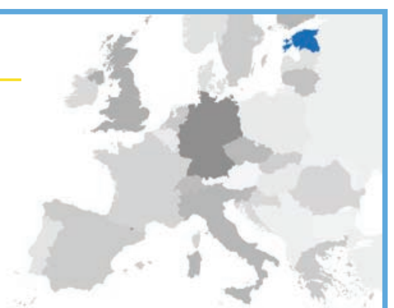
Capital: Copenhagen

Official Language(s): Danish

EU Member since: 1973

Currency: Krone

Population: 5.6 million

ESTONIA


Capital: Tallinn

Official Language(s): Estonian

EU Member since: 2004

Currency: Euro

Population: 1.3 million

FINLAND

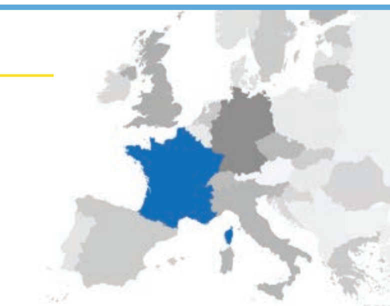

Capital: Helsinki

Official Language(s): Finnish, Swedish

EU Member since: 1995

Currency: Euro

Population: 5.5 million

FRANCE


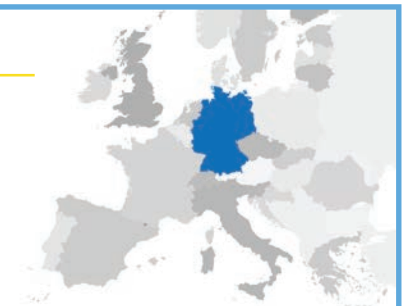
Capital: Paris

Official Language(s): French

EU Member since: 1958

Currency: Euro

Population: 66.4 million

GERMANY


Capital: Berlin

Official Language(s): German

EU Member since: 1958

Currency: Euro

Population: 81.2 million

GREECE


Capital: Athens

Official Language(s): Greek

EU Member since: 1981

Currency: Euro

Population: 10.8 million

HUNGARY

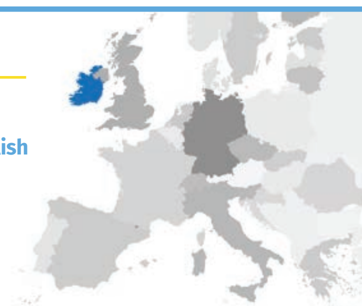

Capital: Budapest

Official Language(s): Hungarian

EU Member since: 2004

Currency: Forint

Population: 9.8 million

IRELAND


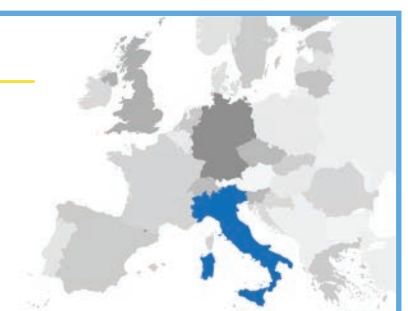
Capital: Dublin

Official Language(s): Irish, English

EU Member since: 1973

Currency: Euro

Population: 4.6 million

ITALY


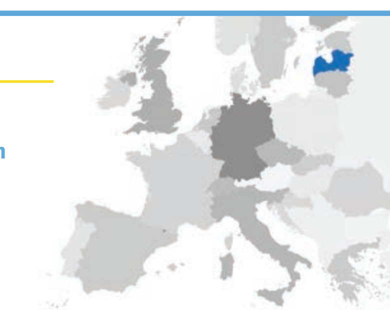
Capital: Rome

Official Language(s): Italian

EU Member since: 1958

Currency: Euro

Population: 60.8 million

LATVIA


Capital: Riga

Official Language(s): Latvian

EU Member since: 2014

Currency: Euro

Population: 1.9 million

European Union Member State countries

LITHUANIA

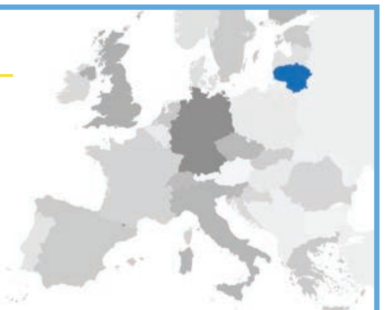
Capital: **Vilnius**

Official Language(s): **Lithuanian**

EU Member since: **2004**

Currency: **Euro**

Population: **2.9 million**



LUXEMBOURG

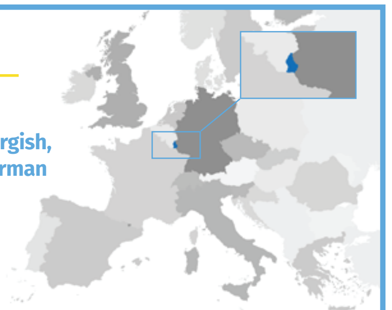
Capital: **Luxembourg**

Official Language(s): **Luxembourgish, French, German**

EU Member since: **1958**

Currency: **Euro**

Population: **0.6 million**



MALTA

Capital: **Valletta**

Official Language(s): **Maltese, English**

EU Member since: **2008**

Currency: **Euro**

Population: **0.4 million**

NETHERLANDS

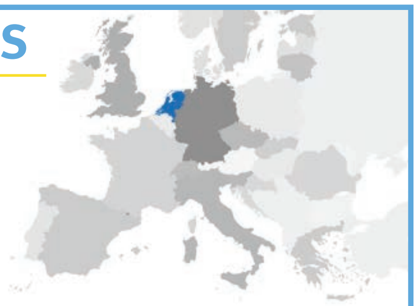
Capital: **Amsterdam**

Official Language(s): **Dutch**

EU Member since: **1958**

Currency: **Euro**

Population: **16.9 million**



POLAND

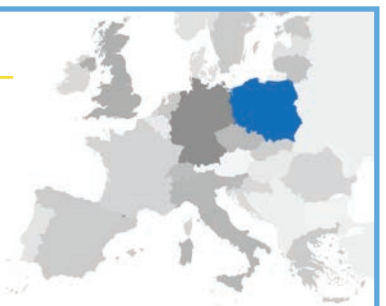
Capital: **Warsaw**

Official Language(s): **Polish**

EU Member since: **2004**

Currency: **Zloty**

Population: **38.0 million**



PORTUGAL

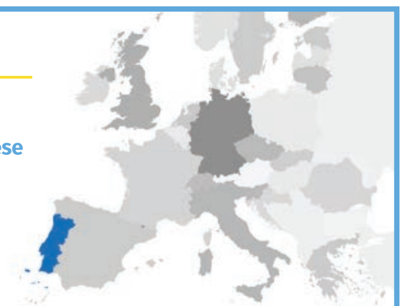
Capital: **Lisbon**

Official Language(s): **Portuguese**

EU Member since: **1986**

Currency: **Euro**

Population: **10.3 million**



ROMANIA

Capital: **Bucharest**

Official Language(s): **Romanian**

EU Member since: **2007**

Currency: **Leu**

Population: **19.8 million**

SLOVAKIA

Capital: **Bratislava**

Official Language(s): **Slovak**

EU Member since: **2004**

Currency: **Euro**

Population: **5.4 million**

SLOVENIA

Capital: **Ljubljana**

Official Language(s): **Slovenian**

EU Member since: **2004**

Currency: **Euro**

Population: **2.0 million**

SPAIN

Capital: **Madrid**

Official Language(s): **Spanish**

EU Member since: **1986**

Currency: **Euro**

Population: **46.4 million**

SWEDEN

Capital: **Stockholm**

Official Language(s): **Swedish**

EU Member since: **1995**

Currency: **Krona**

Population: **9.7 million**

UNITED KINGDOM[13]

Capital: **London**

Official Language(s): **English**

EU Member since: **1973**

Currency: **Pound Sterling**

Population: **64.9 million**

Non-EU members in the EEA and other single market countries

ICELAND

Capital: **Reykavik**

Official Language(s): **Icelandic**

Currency: **Krona**

Population: **0.3 million**

LIECHTENSTEIN

Capital: **Liechtenstein**

Official Language(s): **German**

Currency: **Swiss Franc**

Population: **0.03 million**

NORWAY

Capital: **Oslo**

Official Language(s): **Norwegian**

Currency: **Krona**

Population: **5.2 million**

SWITZERLAND[14]

Capital: **Zurich**

Official Language(s): **German, French**

Currency: **Franc**

Population: **8.4 million**

13. At the time of this report, the United Kingdom is due to leave the EU on March 29, 2019
14. Switzerland is not in the EU or EEA but is part of the European Single market

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