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PRESS RELEASE

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ESMA DEFERS DECISION ON EXTENSION OF AIFMD PASSPORTS TO BERMUDA

HAMILTON, BERMUDA – Bermuda’s candidacy for a European “passport” to facilitate business for Bermuda-based fund managers has taken a step forward. The European Securities and Markets Authority (ESMA) announced today that Bermuda had met three of the five criteria it assessed in order to issue advice on the extension of Alternative Investment Fund Managers (AIFM) passports. Further review is needed on the remaining two assessment criteria for approval.

A year ago, the European Commission tasked ESMA with reviewing 22 jurisdictions considered to be contenders for passporting. So far, 12 jurisdictions, including Bermuda have been assessed, and the assessment process continues. ESMA will make recommendations to the Commission, which will make the final decision.

ESMA says there are no significant obstacles impeding the issue of an AIFM passport to Bermuda in relation to standards on competition, market disruption and monitoring of system risk, but more time is needed to review enforcement and investor protection measures.

Jeremy Cox, Chief Executive Officer of the Bermuda Monetary Authority (Authority) said: “Efforts towards passporting for alternative investment fund managers effectively began four years ago with the signing of cooperation agreements with the majority of European Union (EU) Member States in relation to the AIFM Directive (AIFMD). These agreements constitute a pre-condition for non-EU AIFMs seeking access to EU markets or wanting to perform fund management activities on behalf of EU managers.”

By May 2013, ESMA had approved agreements between securities regulators from the 28 EU Member States, the European Economic Area and 34 of their global counterparts (including the Authority). Since then, the Authority has developed a full AIFM regime which will come into force shortly. Information on Bermuda’s AIFM regime – including legal requirements and instructions on applying for an AIFM licence – is posted on the Authority’s website at www.bma.bm.

Mr. Cox said: “The Authority commends ESMA on releasing their detailed report in such a timely fashion and looks forward to demonstrating the strengths of Bermuda’s AIFM regime – notably the recent legislative approval of the Investment Funds Amendment Act which gives the Authority additional enforcement powers. We remain fully committed to ESMA’s assessment process because it will benefit Bermuda-based investment managers with products and services for the European fund industry.”

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Notes to Editors:

The Bermuda Monetary Authority (Authority) is the regulator of the financial services sector in Bermuda. Established under the Bermuda Monetary Authority Act 1969, the Authority supervises, regulates and inspects financial institutions operating in or from within the jurisdiction. It also issues Bermuda's national currency, manages exchange control transactions, assists other authorities in Bermuda with the detection and prevention of financial crime, and advises the Government and public bodies on banking and other financial and monetary matters. The Authority develops risk-based financial regulations that it applies to the supervision of Bermuda's banks, trust companies, investment businesses, investment funds, fund administrators, money service businesses, corporate services providers and insurance companies. It also regulates the Bermuda Stock Exchange.