

Future regulation of alternative fund managers



To: AIFMRegimeCFI@fca.org.uk

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Introduction

The British Property Federation (BPF) represents the UK real estate sector, an industry that contributes more than £107bn to the economy and supports 2.3million jobs. Our members are invested in commercial and residential real estate in communities across the UK - revitalising our cities and shared spaces, re-imagining our town centres, and creating vibrant new places designed for the way we live today.

Our members invest and develop all kinds of commercial real estate from offices, retail and logistics properties to data centres, lab space and medical premises. Our members also invest in larger scale professionally managed residential rental asset classes - predominantly purpose-built student accommodation and 'Build to Rent'.

Given its size, it is typical for large scale real estate to be invested in collectively – as such, the fund sector plays a vital role in channelling much needed investment into our homes, buildings and infrastructure across the UK.

Call for input: Future regulation of alternative fund managers

We support the FCA's call for input to better support firms to grow, compete, innovate, and enter the market - while protecting customers and encouraging firms to manage risk responsibly. Seeking opportunities to streamline the rules, and at the same time, ensuring they are more appropriate and tailored to different firms will better support economic growth – and provide better protections for customers.

We support the more detailed submission prepared by The European Association for Investors in Non-Listed Real Estate Vehicles (INREV). We would draw out that we broadly support the FCA's intention to reform risk management rules in a more proportionate and activity-specific way, as proposed in Annex 1. A more nuanced framework that differentiates between firm size, leverage profile, and investment strategy is long overdue and welcome. In particular, in relation to Proportionality and Clarity: The current regime's "one size fits all" approach creates a disproportionate compliance burden for many AIFMs, especially those managing illiquid, long-term assets, who must adhere to rules that were clearly designed with liquid, short-term trading strategies in mind. Tailoring requirements to the nature of a firm's activities (e.g., private equity vs hedge funds, holding real estate assets vs higher risk assets) would allow risk management frameworks to be more meaningful, proportionate, and operationally effective.

Please do not hesitate to get in touch if you would like to discuss our response further.

Yours Sincerely,

Rachel Kelly

Assistant Director (Finance Policy)