Proskauer

UK FCA consults on new Long Term Asset Fund

May 18, 2021

The United Kingdom Financial Conduct Authority ("**FCA**") has published a consultation on proposals relating to a new type of fund product to support investment in long-term, illiquid assets. The intention is that the Long Term Asset Fund ("**LTAF**") will overcome issues for investors, particularly certain retail investors who have experienced barriers to investing in these sorts of products. The proposed new LTAF aims to enable investors that wish to do so, to invest in productive finance assets.

The LTAF would be a new, distinct category of authorised fund. As an alternative investment fund ("**AIF**"), an LTAF would need to be managed by a full-scope UK-authorised investment fund manager ("**AIFM**") with appropriate systems and controls in place and who would be subject to the FCA's Investment Fund sourcebook ("**FUND**"). A new chapter in the FCA's Collective Investment Schemes Sourcebook ("**COLL**") will contain additional rules which establish a high level, principles-based framework specifically applicable to the LTAF regime.

The FCA's proposals would limit the distribution of the LTAF to professional investors and sophisticated retail investors only; however the FCA is seeking feedback as to whether and how they could safely permit future wider retail access to these types of funds than the proposed rules would currently permit.

The FCA is seeking feedback on the consultation by 25 June 2021. Firms, including managers of private equity and venture capital funds, depositaries, potential investors in long-term asset funds, investment advisers and distributors, should consider the proposals put forward in the consultation, respond to the proposals and continue to monitor developments in this regard.

Related Professionals

- **John Verwey**
  Partner

- **Michael Singh**
  Associate