

Italy

Regulation

HEDGE FUNDS 2009

Hedge fund managers/advisors

In Italian regulation, mutual funds can be managed only by Società di Gestione del Risparmio (SGR).

Regarding the hedge fund industry, the most important news is that since June 2007 the obligation to run a hedge fund with a speculative SGR has been removed. Consequently, a hedge fund can now be managed by a common SGR among their other mutual funds.

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Authorization requirements and process

There are no specific requirements for hedge fund managers applying for authorization. The process to follow is the same as for other mutual funds.

Typical timescale to receive approval

The Bank of Italy, once it has completed the necessary supervisory checks, gives the authorization within 90 days after receiving the application for the authorization.

Regulatory capital requirements

The regulatory capital requirement shall not be lower than:

- 0.02 percent of the assets under management exceeding EUR 250 million (in this case the regulatory capital requirement shall not, however, exceed EUR 10 million).
- Twenty-five percent of fixed operating expenses.

In any case, the regulatory capital amount shall not be lower than EUR 1 million.

No specific regulatory capital requirements exist for hedge funds.

Significant restrictions on marketing to investors

Hedge fund couldn't be solicited.

Hedge fund structures

Regulation

Authorization requirements

There are specific provisions related to the hedge fund's own regulation, which should contain specific warnings, regarding the risky investment and specific information if the hedge fund is located in a foreign country.

Furthermore, the fund's regulation must report the kind of asset class which will be owned by the fund, the procedure related to the investors' access, and the information related to brokers used (that should be a primary intermediary, subjected to adequate prudential control and with a strong background).

Restrictions on types of investments, concentration levels, and the manner in which hedge funds can invest and/or strategies

There aren't specific limits in the supervisory rules. Any specific provision has to be reported in the fund's regulation.

The minimum amount of the first subscription by a single client must be EUR 500,000.

Rules regarding the publishing of the accounts and prospectuses

No specific requirements are reported for the publishing of the accounts and prospectuses by the hedge fund.

Time-scale of establishment of a hedge fund

There are no specific provisions for hedge funds.

Investors

Regulation

Restrictions on which type of investors can invest in a hedge fund and/or the minimum/maximum number of investors in a hedge fund

There is a general prohibition of the promotion of hedge funds to general public.

The restriction on the maximum number of investors in a hedge fund has been repealed; consequently, there are no restrictions on the maximum or minimum numbers of investors.

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