Hedge Fund Law Report
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Joachim Kayser Joins Dechert in Frankfurt

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By Michael Washburn, *Hedge Fund Law Report*

Dechert has enhanced its Frankfurt office's financial services and alternative investment practice with the addition of Joachim Kayser, formerly of PwC, as a partner. He advises asset managers and institutional investors on the structuring and marketing of funds, along with a range of tax and regulatory issues. Kayser has particular expertise in Undertakings for Collective Investment in Transferable Securities and exchange-traded funds.

For coverage of other recent hires at Dechert, see "Rob Bradshaw Joins Dechert in London" (Apr. 27, 2017); "Jeff Mackey Joins Dechert in Dublin" (Mar. 9, 2017); and "Michael Wong Joins Dechert in Hong Kong" (Feb. 16, 2017).

Reflecting on the growth of the alternative funds market in Germany, Kayser noted that in the past, those who sought to invest in the alternatives space faced significant hurdles from both a legal and a tax perspective. Today, however, it is easier to make such investments, and investment tax reforms will further facilitate the process from 2018 onward. Institutional investors will continue to have some obstacles in their path, but the reform will essentially make any offshore non-German foreign fund an investable item from a German perspective. Punitive tax treatment will disappear, and a flat tax rate will become the norm.

See "Implications of German Investment Tax Reform for Funds Investing in German Assets or That Have German Investors" (Jun. 8, 2017).

"This will open up a lot of potential target funds for German investors and professional institutional investors, which is why we here at Dechert anticipate having a lot of work from the second half of the year onwards," Kayser predicted.

At the present juncture, from both a tax and regulatory point of view, the demand for fund transparency runs high, Kayser said. Institutional investors are a primary source of this demand. Even with the loosening of some regulations, it is up to external counsel to provide much of the expertise that market participants require to perform financial services and carry out cross-border deals.

"Because of the new conflict policy, certain players could be hindered from performing these services. If you are an auditor for an insurance company, for example, you can't deliver services to funds dealing with that insurance company. This has an immediate impact on an audit client's balance sheet," Kayser said.

For more on satisfying demands for transparency, see "How Hedge Fund Managers Can Accommodate Heightened Investor Demands for Bespoke Negative Consent, Liquidity, MFN and Other Provisions in Side Letters" (Oct. 13, 2016); and "How Managers May Address Increasing Demands of Limited Partners for Standardized Reporting of Fund Fees and Expenses" (Sep. 1, 2016).

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