

UCITS and AIFs: Enhancing Compliance and Investor Confidence through Outsourcing



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In 2025, fund managers are responding to increasingly stringent regulatory requirements for Undertakings for Collective Investment in Transferable Securities (UCITS) and Alternative Investment Funds (AIFs). To navigate this complex environment, many are turning to outsourcing as a strategic approach to enhance compliance and bolster investor confidence.

The regulatory framework governing UCITS and AIFs has become more rigorous, with recent updates such as the [CSSF Circular 24/856](#), effective from January 1, 2025. This circular introduces stricter guidelines for Net Asset Value (NAV) calculation errors, investment rule breaches and other operational discrepancies, reinforcing the focus on investor protection and operational transparency.

Additionally, the European Securities and Markets Authority (ESMA) has outlined its [Annual Work Programme for 2025](#), focusing on supervisory convergence, sustainable finance and retail investor protection. This includes developing Regulatory Technical Standards (RTS) on the characteristics of Liquidity Management Tools (LMTs) and guidelines for UCITS and open-ended AIFs.

Outsourcing fund administration enables UCITS and AIFs to comply effectively with these stringent regulatory requirements and others. Specialised service providers offer expertise in regulatory compliance, ensuring that funds adhere to the latest standards and reporting obligations. This approach allows fund managers to focus on core investment activities while maintaining confidence in their regulatory obligations.

Streamlining Cross-Border Fund Distribution

For UCITS and AIFs aiming to expand their investor base internationally, the globalisation of investor marketing presents significant challenges. Distributing funds across multiple jurisdictions requires navigating unique regulatory frameworks, legal structures and tax implications—each demanding specialised expertise to manage effectively.

Outsource partners with a global presence, such as Waystone, are positioned to address these complexities. Regulatory compliance, including adherence to local investor protection laws and financial reporting standards, is streamlined, while tailored solutions ensure tax efficiency and operational adaptability. Advanced technology further supports secure data management, regulatory reporting and transparency, enabling managers to meet investor expectations with confidence.

Building Investor Confidence Through Independent Administration

For UCITS and AIFs, investor confidence hinges on transparency, regulatory compliance and strong governance. Engaging independent fund administrators offers an additional layer of oversight, ensuring that fund operations align with industry best practices and regulatory requirements. This independence not only enhances governance structures but also reassures investors that their interests are prioritised.

Scalable Technology for Seamless Reporting and Operations

Outsource partners invest in scalable platforms that provide real-time reporting, data analytics and automated compliance monitoring. These tools streamline operations, minimise the risk of errors and ensure timely, accurate information dissemination to stakeholders. By outsourcing, managers also eliminate the need for continual investment in costly technology infrastructure, allowing them to access cutting-edge systems without the financial and operational burden of maintaining them in-house.

Migrating Administration for UCITS and AIFs: A Strategic Approach

Transitioning to an outsourced administration model for UCITS and AIFs requires a strategic and structured approach to ensure operational continuity and regulatory compliance. Key steps include:

1. **Assessment:** Evaluate current operational processes to identify areas that would benefit from outsourcing, focusing on functions that are resource-intensive or require specialised expertise.
2. **Partner Selection:** Choose a service provider with a proven track record in UCITS and AIF administration. Ensure the provider's capabilities align with the fund's objectives and the specific regulatory environment.
3. **Planning:** Develop a comprehensive transition plan detailing timelines, responsibilities and key performance indicators. This plan should outline the scope of services, communication protocols and contingency measures.
4. **Data Migration:** Ensure accurate and secure transfer of data to the new systems, maintaining data integrity throughout the process. This involves thorough validation and testing to prevent data loss or corruption.
5. **Parallel Operations:** Run existing and new systems concurrently during the transition phase. This dual-run period allows for troubleshooting and ensures a seamless switchover.
6. **Review and Optimisation:** Continuously monitor the outsourced functions and seek opportunities for further efficiency gains and compliance enhancements.

Regular audits and 360 degree feedback can help in refining processes and addressing emerging challenges.

Waystone provides a full range of services specifically designed to support the needs of [UCITS and AIFs](#) throughout every stage of their lifecycle. If you would like to learn more about this offering or would like to sign-up to receive our communications, please contact your usual Waystone representative via the link below.

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