

# Depositary decoded: How U.S. managers benefit from a single partner model

*U.S. fund managers entering Europe face a complex, multi-layered regulatory landscape, the most efficient way to streamline entry into this market is through an integrated service combining fund administration, AIFM services and depositary oversight. [Eva Devine](#) and [Paul Conroy](#) explain how the three functions harmonize to deliver value for fund managers.*

For U.S. fund managers seeking to raise capital in Europe, the opportunity is enormous, but so is the complexity. Unlike the U.S. regulatory landscape, Europe's framework can be fragmented, multi-layered and is governed by the Alternative Investment Fund Managers Directive ([AIFMD](#)). This means that any manager looking to access European investors must navigate cross-border marketing rules and reporting requirements, as well as strict investor-protection structures that rely on the AIFM and depositary framework.

Increasingly, non-European managers are turning to an integrated partner who can deliver fund administration, [AIFM services](#), and [depositary](#) oversight under one roof. When these services work together, with the requisite governance, independence and segregation of duties, they provide a simplified and efficient route into the European market without compromising regulatory integrity.

This article explores what each service brings, how they complement one another, and why a unified model offers strategic advantages for U.S. fund managers preparing to market and operate funds across Europe.

## Understanding the European model

Europe does not operate with a single securities regulator or a uniform compliance regime. Instead, marketing a fund in one Member State can carry different obligations, filings and oversight requirements than marketing in another. Managers must choose between routes such as the AIFMD marketing passport or individual National Private Placement Regimes (NPPR), each of which determines the governance, reporting and oversight requirements at fund level.

Managers also must manage evolving expectations around environmental disclosures, valuation oversight, risk management, and cross-border reporting, which is why having access to strong operational partners is essential.

The European model requires three core functions:

- Fund administrator - to maintain books, records, investor reporting and day-to-day operations
- [AIFM](#) - responsible for regulatory governance, risk management, valuation oversight and Annex IV reporting
- [Depositary](#) - an independent “watchdog” overseeing cash monitoring, safekeeping and compliance.

Although separate in responsibility, these functions converge around the same data, investor flows and transactions, which is why seamless coordination between them delivers success.

## What each function delivers

- Fund administrator: The engine room of European operations

The fund administrator handles the operational lifecycle of a fund, including NAV production, investor reporting, capital activity processing, reconciliation and maintenance of financial books and records. This ensures that valuation cycles, investor notices, and reporting obligations are executed accurately and on time. For U.S. managers used to leaner operational setups, the European environment adds layers — multi-jurisdictional filings, GAAP variations, regulatory disclosure frameworks, and heightened investor reporting standards. A high-quality administrator brings the technology, templates and specialized expertise required to meet these expectations.

- AIFM: Governance, oversight and regulatory structure

A key difference between U.S. and EU regimes is the AIFM role. An AIFM governs the fund under AIFMD rules and is responsible for risk management, valuation oversight, compliance, regulatory filings and, potentially, elements of portfolio management oversight. For U.S. managers, building an in-house AIFM is often not pragmatic. Establishing an AIFM can take up to two years and carries a high ongoing cost, driven by capital requirements, staffing, technology and regulatory

obligations. By contrast, partnering with an established third-party AIFM gives immediate access to the EU market and removes the need for heavy investment in infrastructure.

- **Depositary:** The independent oversight layer

Under AIFMD, most European fundraising requires an authorized depositary: an independent function monitoring cash flows, safekeeping assets, verifying ownership, overseeing valuation processes and ensuring the fund is managed in accordance with local regulations. Its purpose is investor protection, creating a challenge function that regulators view as non-negotiable.

What is important is that a depositary cannot simply “trust” a manager’s data, instead it must apply oversight and scrutiny, ask challenging questions, and proactively identify issues before they become regulatory breaches.

## **Why these services work better together**

While the three functions must remain operationally independent, offering them under one roof, and within a strong control framework, brings significant advantages, including:

- **Reduced duplication, faster turnaround times:** Shared platforms and common workflows allow for straight-through data flow, reducing duplication of tasks such as NAV checks, reconciliation or valuation reviews. This means faster reporting cycles and fewer operational errors.
- **Aligned methodologies across risk, valuation and reporting:** Instead of reconciling three separate approaches across providers, a unified partner ensures consistency in valuation frameworks, risk monitoring, reporting formats, governance processes, and regulatory interpretations. This reduces friction, accelerates resolution of issues and ensures that stakeholders are working off the same underlying principles.
- **A single relationship and onboarding experience:** In a multi-provider model, managers must coordinate onboarding across three organisations each with its own processes, documentation needs and timelines. A single-partner model eliminates the handoff problem, reducing weeks of administrative complexity. For example, having a single team to manage transition, knowledge sharing and technology coordination from the

outset prevents potential gaps.

- **Strong governance without compromising independence:** European regulations require independent oversight between the AIFM, administrator and depositary. With segregated teams and appropriately structured reporting lines, all three functions can exist independently within one organisation, this maintains the required regulatory integrity while delivering the benefits of shared knowledge and coordination.

## The benefits for U.S. managers entering Europe

- **Quicker market entry:** Using a third-party AIFM unlocks the ability to market immediately in the EU without needing to build a regulated entity. This reduces time-to-market from years to weeks.
- **Operational efficiency:** A single partner drastically reduces cost burden by reducing duplicated reconciliations, eliminating parallel onboarding streams, removing back-and-forth across providers, and streamlining reporting cycles, the result is fewer errors, faster data delivery and fewer resourcing requirements.
- **Higher quality oversight:** An integrated depositary gains visibility into the administrator's processes through proximity and data transparency. This allows for deeper oversight, faster escalation of concerns and a more robust compliance environment.
- **Scalability across jurisdictions:** European fundraising rarely stops at one jurisdiction. With an integrated partner, managers avoid the complexity of stitching together local providers in other jurisdictions. These unified teams and platforms support expansion across structures, vintages and strategies without re-engineering operations.
- **More effective risk management:** Integrated teams coordinate documentation, regulatory filings, AML processes, closings, investor onboarding, and technology across functions, providing continuity and reducing launch risk.

For U.S. fund managers, Europe represents an attractive but operationally challenging investor market. The regulatory framework is intricate, and investor expectations around governance, oversight and reporting are high.

A unified partner providing fund administration, AIFM services and depositary oversight offers the most efficient, secure and scalable route into the market. This

approach combines the regulatory assurance European investors demand, the operational excellence managers require, and the speed to market needed to capitalise on fundraising windows.

As more U.S. managers look to expand into Europe, the single-partner model is rapidly becoming the gold standard for building a compliant, efficient and investor-ready European operating platform.

A fund administrator, with a proven track record in Europe, can guide managers efficiently through the process, handling the heavy lifting and taking on the critical tasks necessary to ensure compliance with European regulations, smooth operations, and effective fund management on an ongoing basis. To find out more about our single-partner model, please contact us directly or download our [guide](#).



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