

## Regulation of Alternative Investment Vehicles

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### **Abstract :**

Alternative Investment Vehicles have become increasingly common and highly controversial elements of today's financial markets. They have faced calls for stricter regulation in recent years since they remain less regulated than traditional financial institutions and are rarely required to publish financial information. This article reviews the main characteristics and effects of Alternative Investment Vehicles as a basis to drive suitable regulatory measures. From a regulatory perspective it is especially important to consider their function as financial intermediaries. In this role, they may impact the efficiency and stability of financial markets or the companies they invest in. While this leads to several positive effects, these come with certain risks which have to be addressed with effective regulation tailored to their specific characteristics.

### **Key Word :**

Alternative Investment Vehicles, Leverage, Systemic Risk, Financial Markets Efficiency, Regulation

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