

BAI Newsletter I/2026 – February 2026

Editorial article from Frank Dornseifer, Managing Director, BAI e.V.

Dear Ladies and Gentlemen,
Dear Members,

"Dangerous boom"

This was the headline of a story in *Der Spiegel* magazine in early January about “the risky billion-dollar business of private credit funds” (according to the subtitle), and it immediately took readers back in time in more ways than one, without the need for a DeLorean DMC-12. So, back to the future! Or rather, back to the past. On the one hand, a good 20 years back to the time of the so-called locust debate, in which hedge funds and private equity funds (at the time, Mr. Müntefering and other politicians and the media didn't really know who they were referring to) and secondly to the beginning of the GFC, when many politicians and media professionals proclaimed a supposed hedge fund crisis, which then turned out to be a veritable sovereign debt crisis and then a (US) banking crisis, in which the originate-to-distribute model had been perverted. And now, once again, a type of fund, namely credit funds, is being pilloried, prominently featured in *Der Spiegel*, and the next crisis is being conjured up. And now, once again, a type of fund, namely credit funds, is being pilloried, prominently featured in *Der Spiegel*, and the next crisis is being conjured up.

It is true, of course, that in the NBFi debate (non-bank financial intermediation, the technical but less catchy term that has replaced the term “shadow banks” so popular in the media), credit funds are also on the regulatory radar – and rightly so. This is because the private debt industry has grown rapidly in recent years. Not only has it developed into a significant alternative to bank loans and bonds worldwide, it is also very popular with investors and has become an integral part of portfolios, as our annual Investor Survey showed again last year. It is therefore not surprising that supervisory authorities around the world are concerned about potential stability risks, valuation and liquidity risks, stress scenarios, and possible interdependencies with the banking sector; after all, that is precisely their job. Recently, and in the context of First Brands and Tricolor, the otherwise quite objective discussion has become louder and more intense, and there have been frequent warnings from various supervisory institutions that more and better information about the credit fund industry is needed.

As an association, we are engaging in this discussion and have participated in many consultation processes, discussion forums, hearings, etc. at the national and international level in recent years, thereby contributing significantly to ensuring that these discussions are conducted in a factual and constructive manner. In particular, we have also proactively contributed to the new Europe-wide supervisory and regulatory regime for credit funds. Most recently, at the end of January, I had the

opportunity to appear as an expert witness before the Finance Committee of the German Bundestag to answer questions on the Fund Risk Limitation Act (FRiG), specifically on the topic of credit funds. As is well known, a key element of the FRiG is the national implementation of the amended AIFM Directive and, with it, the first Europe-wide harmonized requirements for credit funds, which will apply from April 16.

My messages to politicians and regulators were clear:

- We need credit funds to finance growth, innovation, and transformation, whether for small and medium-sized enterprises, infrastructure or other areas.
- We need enabling regulation, i.e. regulation that facilitates rather than hinders the financing activities of funds; this regulation must be holistic in nature, and supervisory and tax law in particular must be compatible.
- We need a robust and efficient regulatory framework that enables effective supervision, protects investors and at the same time strengthens the resilience of the industry and the markets.

We believe that the new regulations meet these requirements, and BaFin also gave a positive vote on the new regulations at the hearing. It is important and right that we have an appropriate and thoroughly demanding supervisory and regulatory framework for credit funds. This strengthens the industry and makes it more resilient, gives investors confidence, provides supervisory authorities with greater transparency and, of course, grants them powers of intervention. These were precisely the concerns that were repeatedly addressed by the supervisory bodies. And that is precisely why we should now wait and see how the new rules work out and how the industry interacts with the supervisory authorities before warning of crises and risks that have not yet materialized, probably because the industry itself already has proper risk management in place. Incidentally, First Brands and Tricolor are not signs of any systemic risks, but rather idiosyncratic risks. In addition, in these cases, at least one player with considerable criminal energy and hidden behind an opaque corporate and financing structure deliberately deceived lenders.

With the new regulatory framework for credit funds, we are entering the new year with optimism and—unlike *Der Spiegel*—do not see a dangerous boom. Private debt will also remain one of our key asset classes this year and will continue to shape our association's work. We are also hoping for clear momentum for the German market. The new European regulatory framework effectively represents a fresh start for credit funds. Overall, Germany is becoming more attractive again as a fund domicile. This is also due to the Location Promotion Act, which is putting in place the tax framework for credit funds—particularly by creating legal clarity regarding trade tax treatment—allowing German credit funds to catch up with their European counterparts.

Looking forward to the AIC 2026 – register now

You have already received our first mailing regarding this year's BAI Alternative Investor Conference (AIC). At www.ai-conference.com you can now not only find our renowned keynote speakers, but also the almost final program of our annual flagship conference. In other words, you can already look forward to 27–29 April — to high-caliber expert presentations and panel discussions, outstanding keynote speakers, a first-class investor program, a regulatory pre-event, and of course plenty of networking opportunities! You can also register now at: <https://www.ai-conference.com/registration.html>

BAI General Meeting on 15 April / new BAI info format

Our members will shortly receive invitations to this year's General Meeting, which will take place virtually on 15 April. Not only do we have an exciting and successful year behind us, which we will report on, but we are also looking ahead to what 2026 will mean for our industry and what we have planned as an association. As board elections will also be held this year, we once again hope for strong participation.

I am also pleased to announce a new initiative for 2026. On 11 March, we will launch our new dialogue format, "Meet-the-BAI." Through this virtual forum, we will provide our members, on a regular basis, with updates on current association activities (legal and regulatory developments, market matters, events, publications and studies, etc.). While we already communicate extensively through our various expert committees and working groups, as well as via our members' platform, the new format is intended to offer an additional information and discussion forum independent of specific consultations or projects. It is also designed to engage those members who have not yet been actively involved in our expert committees and working groups. We would be delighted to welcome your active participation.

Private Debt Symposium / Focus topic

Many of you were in attendance: at the end of January, the BAI Private Debt Symposium took place once again. Not only in light of the record number of participants, but above all considering the extremely positive feedback, we can confidently say that the PDS has now established itself as the leading event in this field in the German-speaking region. We are very proud of this achievement. Above all, it demonstrates that we are delivering very strong association work in this area as well—creating genuine added value not only for our members, but also for investors who allocate to this asset class. You will find a worthwhile review of the symposium in this newsletter.

You will already have noticed that this newsletter focuses entirely on the key theme of Private Debt. I would therefore like to warmly recommend the many insightful specialist articles included in this issue and extend my sincere thanks to all the authors who contributed to this newsletter.