



Financial Services  
Commission

# Industry Update

## AIFMD Reporting General overview

### Purpose of the new AIFMD Reporting requirements

The goal of the Alternative Investment Fund Managers Directive (AIFMD) reporting, issued by the EU, is to identify potential systemic risks that may arise within the Alternative Investment Fund Manager (AIFM) industry.

To achieve this objective, the FSC will need access to relevant information on market participants. The new reporting obligations provide a standard data collection framework and as a consequence, should facilitate better analysis and monitoring of systemic risk by the European Securities and Markets Authority (ESMA).

### General overview of the Reporting Challenges:

#### Impacts

The following aspects will be affected by the new AIFMD reporting requirements:

- Human and Technical resources needed to complete the reporting
- The ability to comply with new reporting frequencies, as defined by ESMA.
- The way by which AIFMs source, handle and report data.

#### Technical and operational challenges

A consideration of factors such as those set out below will need to be made, this is particularly important for those reporting for a large number of AIFs or compartments of AIFs such as cells.

#### **Interpretation**

- Understand the meaning of all required reporting data fields.

#### **Data Availability**

- Ensure you understand data needed and start collating information for this by considering:
  - How to source the relevant data. For example, how to accurately calculate and account for Leverage. The Definition of Leverage under the AIFMD is very broad and AIFMs need to, for example, account for leverage embedded in derivative positions as well.
  - Review processes and information-flows in order to be able to collect data from various different sources and store this.

#### **Operational set-up**

- When implementing and designing data sourcing and storage, consider automating aspects.
- Creating and designing the internal reporting framework to meet the requirements of the FSC and ESMA.

### Reporting to the FSC for small, sub-threshold registered AIFMs:

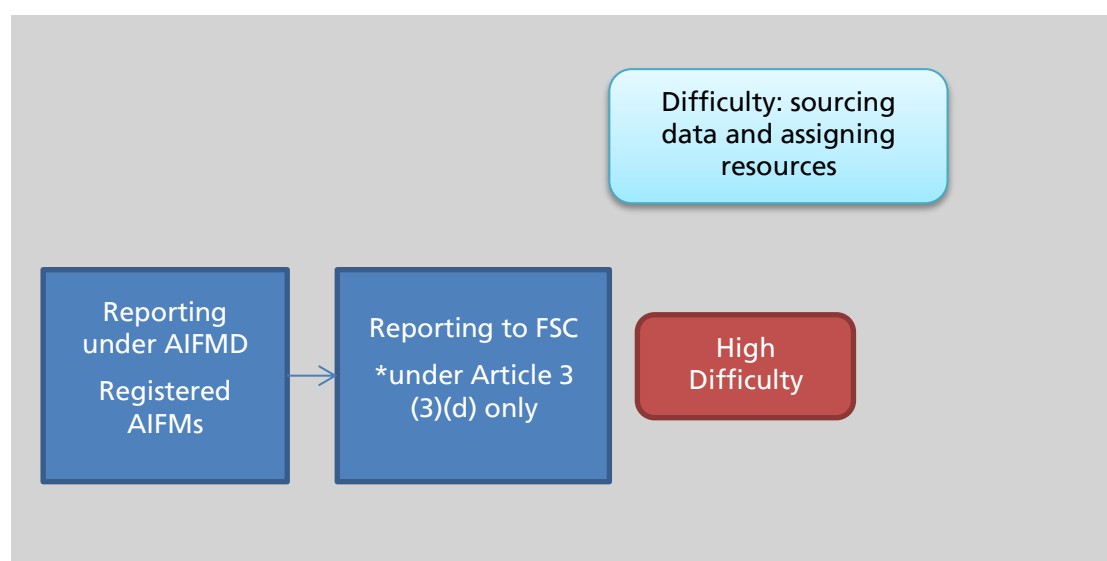
Small AIFMs, often also referred to as registered, sub-threshold AIFMs, are those whose Assets under Management are below EUR 100 million or 500 million<sup>1</sup> unleveraged. Small AIFMs are required to report to the FSC under a “lighter regime,” subject only to requirements under Article 3(3)(d) AIFMD.

Here, the AIFM needs to provide information to the FSC on the main instruments being traded, the principal exposures and the most important concentrations of the AIFs being managed.<sup>i</sup>

The majority of Gibraltar’s AIFMs are small and will need to report annually<sup>ii</sup>. The first report for these smaller AIFMs will be due for submission by January 31<sup>st</sup> 2015, covering activities up until calendar year end for 2014.

However, you should ensure that you establish that you do not need to report more frequently, by considering ESMA information on this or further information being issued by the FSC.

This is summarised in the diagram below:



For further details on reporting please see:

*ESMA’s Final Report on Reporting under Articles 3 (3)(d) and 24(1), (2) and (4) ;*

[http://www.esma.europa.eu/system/files/2013-1339\\_final\\_report\\_on\\_esma\\_guidelines\\_on\\_aifmd\\_reporting\\_for\\_publication\\_revised.pdf](http://www.esma.europa.eu/system/files/2013-1339_final_report_on_esma_guidelines_on_aifmd_reporting_for_publication_revised.pdf)

\*Technical guidance on reporting requirements along with templates and data field reporting codes.

Further details on next steps are set out below

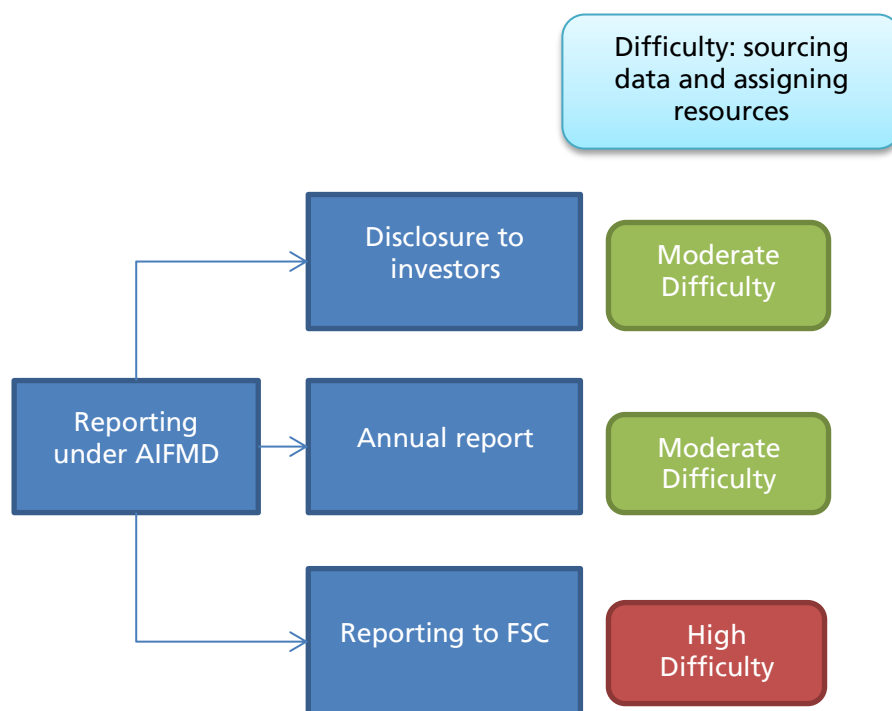
---

<sup>1</sup> For further information on the thresholds please refer to Information Page on Small AIFMs:

<http://intranet/FSC2010/download/AIFMD/AIFMDSmall%20AIFMs.pdf>

### Reporting to the FSC for In-scope Authorised AIFMs

Authorised AIFMs are subject to reporting requirements under articles 24 (1), (2) and (4) AIFMD. Similar to the reporting requirements for registered AIFMs, authorised AIFMs need to disclose principal instruments, exposures and concentrations of the AIFs under management, but also data related to liquidity, risk management, leverage and sources of borrowings. Reporting for authorised AIFMs is thorough, with close to 300 applicable data fields, and will require considerable preparation by AIFMs.



### Overview of applicable reporting; Articles for authorised AIFMs

<sup>iii</sup>**Article 24 (1):** Reporting under Article 24(1) is applicable to all In-scope authorised AIFMs. In summary, the main areas to report on here are: the main instruments being traded, the principal exposures and the most important concentrations of the AIFs being managed.<sup>iv</sup>

**Article 24 (2):** Applicable to authorised In-scope AIFMs managing EU AIFs and Non-EU AIFMs marketing AIFs in the European Union (under NPPR). The required reporting areas here relate to arrangements for managing liquidity, risk management, main asset categories, stress-test, overall leverage and sources of borrowed cash.<sup>v</sup>

**Article 24 (4):** Article applicable to highly leveraged AIFMs (leverage ratio in excess of 3 x assets under management).<sup>vi</sup>

The substantial Risk reporting requirements for authorised AIFMs managing EU AIFs (or AIFs marketed in the Union) under Article 24 (2) is in line with ESMA's "risk-mitigating" position that larger Funds with considerable more impact on the stability of the market also require more Risk Control.

For further details on reporting please see the ESMA Final Report on Reporting (link above).

Below, please find information in relation to the next steps.

### **Disclosure to Investors**

Authorised AIFMs need to disclose to investors, at least on an annual basis (may be provided with the Annual report) information relating to Article 23(4) of the AIFMD. This information relates to:

- Assets subject to special arrangements
- New arrangements for managing liquidity
- Risk profile for each AIF and the risk management systems employed.

See more information on the subject by following the link below:

<http://intranet/FSC2010/download/AIFMD/AIFMDTransparencyRequirementsDisclosureInvestors.pdf>.

### **Annual report**

AIFMs need to make available, under Article 22(1), for each AIF managed or marketed in the Union, an annual financial report within six months of the close of the financial year. Information to be contained in this report relate to:

- Balance sheet
- Profit and Loss statement
- Activities carried out during the financial year
- Information on total remuneration

See more information on the subject by following the link below:

<http://intranet/FSC2010/download/AIFMD/AIFMDTransparencyRequirementsAnnualReport.pdf>

### **Next Steps - Time-frame**

Below we have set out an outline of the reporting time-frames for both Small and Authorised AIFMs.

#### **October**

- FSC to issue information paper on timing related to reporting to the FSC. The purpose of this paper is to clarify when AIFMs need to start reporting and the applicable reporting periods. Also, the paper will give a brief overview of the required frequency of reporting applicable to AIFMs.

#### **Late October/ Early November**

- Presentation to industry on reporting requirements and explanation of reporting templates, this will be based on information provided to date.
- FSC to issue walk-through/ technical supplement to the reporting, setting out clarification on reporting codes, applicable data fields, where to look for information and general information on how to fill out the reporting templates.

#### **November - December**

- Roll-out of reporting facility. Explain to stakeholders and industry participants how to generate XML data required for submission of reports. One or two sessions will be planned. Please note that contingency reporting may need to be put in place if the system that the FSC is looking into purchasing is not in place before this, however, further details will be provided in due course.

## Links to forms

*AIFM Reporting Template; In-scope Authorised and Authorised self-managed firms:*

<http://intranet/FSC2010/forms/A1ReportingTemplate.docx>

\*Applicable to in-scope fully authorised AIFMs managing total assets in excess of EUR 100 Million or EUR 500 Million unleveraged. The reporting frequency is quarterly or semi-annual, depending on total assets under management (see paper on timing and frequency of reporting).

*AIFM Reporting Template Small external AIFMs:*

<http://intranet/FSC2010/forms/B2ReportingTemplate.docx>

\*Applicable to small external AIFMs managing total assets below EUR 100 Million or below EUR 500 Million unleveraged. The reporting frequency is annual.

*AIFM Reporting Template; Self-managed small AIFMs:*

<http://intranet/FSC2010/forms/B2ReportingTemplate.docx>

\*Applicable to small self-managed AIFMs managing total assets below EUR 100 Million or below EUR 500 Million unleveraged. The reporting frequency is annual.

## Legal sources

*The AIFMD Directive 2011/61/EU transposed into Gibraltar Law:*

<http://www.gibraltarlaws.gov.gi/articles/2013s103.pdf>

*The AIFMD Commission Delegated Regulation level II:*

\*Supplement to the Directive, on exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

[http://ec.europa.eu/internal\\_market/investment/docs/20121219-directive/delegated-act\\_en.pdf](http://ec.europa.eu/internal_market/investment/docs/20121219-directive/delegated-act_en.pdf)

- 
- <sup>i</sup> Directive 2011/61/EU
  - <sup>ii</sup> Esma Final Report 2013/1339, P9
  - <sup>iii</sup> Directive 2011/61/EU
  - <sup>iv</sup> *ibid.*
  - <sup>v</sup> *ibid.*
  - <sup>vi</sup> Esma Final Report 2013/1339