



**Financial Services
Commission**

Information page

Alternative Investment Fund Managers Directive Transparency requirements – Reporting obligations to FSC

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Any advice or interpretation covered in this information page represents the views of the FSC as to its expectations of how the requirements of the AIFMD are to be complied with and/or how it fails to be applied. This however is not intended as a definitive interpretation of the AIFMD which is ultimately a matter for the courts to determine. The FSC does not provide, or purport to offer, legal advice.



1. Introduction

- 1.1 In this information page, reference is made to the Alternative Investment Fund Managers Directive 2011/61/EU (“AIFMD”) and to the supplementing Level 2 Delegated Regulation (“Level 2”).
- 1.2 The AIFMD imposes on Alternative Investment Fund Managers (“AIFMs”) certain reporting requirements as set out in the AIFMD and Level 2. The purpose of this information page is to state clearly what information each AIFM will be required to report to the FSC and the frequency and timing of such reporting.

2. Reporting obligations to the FSC

Article 24 of the AIFMD

- 2.1 An AIFM must regularly report to the FSC on the principal markets and instruments in which it trades on behalf of the AIFs it manages.
- 2.2 In particular, an AIFM must provide information on:
 - (a) the main instruments in which it is trading;
 - (b) markets of which it is a member or where it actively trades; and
 - (c) the principal exposures and most important concentrations of each of the AIFs it manages.
- 2.3 An AIFM must, for each of the EU AIFs it manages and for each of the AIFs it markets in the EU, provide the following to the FSC:
 - (a) the percentage of the AIF’s assets which are subject to special arrangements arising from their illiquid nature;
 - (b) any new arrangements for managing the liquidity of the AIF;
 - (c) the current risk profile of the AIF and the risk management systems employed by the AIFM to manage the market risk, liquidity risk, counterparty risk and other risks including operational risk;
 - (d) information on the main categories of assets in which the AIF invested; and
 - (e) the results of the stress tests performed in accordance with Articles 15(3)¹ and 16(1)² of the AIFMD.
- 2.4 The AIFM must, on request, provide the following documents to the FSC:
 - (a) an annual report of each EU AIF managed by the AIFM and of each AIF marketed by it in the EU, for each financial year, in accordance with Article 22³ of the AIFMD; and
 - (b) for the end of each quarter a detailed list of all AIFs which the AIFM manages.
- 2.5 An AIFM managing AIFs employing leverage on a substantial basis shall make available to the FSC:

¹ For further information, refer to the FSC information page on “AIFMD – Risk management”

² For further information, refer to the FSC information page on “AIFMD – Liquidity management”

³ For further information, refer to the FSC information page on “AIFMD – Annual report”

- (a) information about the overall level of leverage employed by each AIF it manages;
 - (b) a break-down between leverage arising from borrowing of cash or securities and leverage embedded in financial derivatives; and
 - (c) information about the extent to which the AIF's assets have been reused under leveraging arrangements.
- 2.6 That information shall include the identity of the five largest sources of borrowed cash or securities for each of the AIFs managed by the AIFM, and the amounts of leverage received from each of those sources for each of those AIFs.
- 2.7 For non-EU AIFMs, the reporting obligations referred to in this section are limited to EU AIFs managed by them and non-EU AIFs marketed by them in the EU.
- 2.8 Where necessary for the effective monitoring of systemic risk, the FSC may require information in addition to that described in this section, on a periodic as well as on an ad-hoc basis.
- 2.9 It should be noted that if an AIF takes the form of an umbrella structure with several investment compartments, sub-funds or cells, AIF specific information should be reported at the level of the investment compartment, sub-fund or cell.

3. Implementing measures

Article 110 of Level 2

- 3.1 In order to comply with the requirements of section 2.2 above, an AIFM shall provide the following information when reporting to the FSC:
- (a) the main instruments in which it is trading, including a break-down of financial instruments and other assets, including the AIF's investment strategies and their geographical and sectoral investment focus;
 - (b) the markets of which it is a member or where it actively trades;
 - (c) the diversification of the AIF's portfolio, including, but not limited to, its principal exposures and most important concentrations.
- The information shall be provided as soon as possible and not later than one month after the end of the period referred to in section 3.3. Where the AIF is a fund of funds this period may be extended by the AIFM by 15 days.
- 3.2 For each of the EU AIFs they manage and for each of the AIFs they market in the EU, AIFMs shall provide to the FSC the following information in accordance with section 2.3 above:
- (a) the percentage of the AIF's assets which are subject to 'special arrangements'⁴ arising from their illiquid nature;
 - (b) any new arrangements for managing the liquidity of the AIF;

⁴ 'special arrangement' means an arrangement that arises as a direct consequence of the illiquid nature of the assets of an AIF which impacts the specific redemption rights of investors in a type of units or shares of the AIF and which is a bespoke or separate arrangement from the general redemption rights of investors.

- (c) the risk management systems employed by the AIFM to manage the market risk, liquidity risk, counterparty risk and other risks including operational risk;
- (d) the current risk profile of the AIF, including:
 - (i) the market risk profile of the investments of the AIF, including the expected return and volatility of the AIF in normal market conditions;
 - (ii) the liquidity profile of the investments of the AIF, including the liquidity profile of the AIF's assets, the profile of redemption terms and the terms of financing provided by counterparties to the AIF;
- (e) information on the main categories of assets in which the AIF invested including the corresponding short market value and long market value, the turnover and performance during the reporting period; and
- (f) the results of periodic stress tests, under normal and exceptional circumstances, performed in accordance with Article 15(3)⁵ and 16(1)⁶ of the AIFMD.

3.3 The information referred to in section 3.1 and 3.2 shall be reported as follows:

AIFMs managing portfolios of AIFs whose assets under management calculated in accordance with Article 2 of Level 2 ⁷ in total exceed the threshold of either EUR 100 million or EUR 500 million laid down in points (a) and (b) respectively of Article 3(2) of the AIFMD ⁸ but do not exceed EUR 1 billion, for each of the EU AIFs they manage and for each of the AIFs they market in the Union	half-yearly
AIFMs managing portfolios of AIFs whose assets under management calculated in accordance with Article 2 of Level 2 ⁹ in total exceed EUR 1 billion, for each of the EU AIFs they manage, and for each of the AIFs they market in the Union	quarterly basis
AIFMs which are subject to the requirements referred to in point (a) of this section, for each AIF whose assets under management, including any assets acquired through use of leverage, in total exceed EUR 500 million, in respect of that AIF	quarterly basis
AIFMs in respect of each unleveraged AIF under their management which, in accordance with its core investment policy, invests in non-listed companies and issuers in order to acquire control	annual basis

⁵ For further information, refer to the FSC information page on "AIFMD – Risk management"

⁶ For further information, refer to the FSC information page on "AIFMD – Liquidity management"

⁷ For further information, refer to the FSC information page on "AIFMD – Small AIFMs"

⁸ Ibid.

⁹ Ibid.



- 3.4 By way of derogation from section 3.3, the FSC may request that all or part of the information to be reported on a more frequent basis.
- 3.5 AIFMs managing one or more AIFs which they have assessed to be employing leverage on a substantial basis in accordance with section 4 below, shall provide the information required under sections 2.5 to 2.7 above at the same time as that required under section 3.2.
- 3.6 AIFMs shall provide the information specified under sections 3.1, 3.2 and 3.5 in accordance with the pro-forma reporting template set out in the Annex IV of Level 2.
- 3.7 The FSC will make such templates available to AIFMs for submission.

4. Use of leverage on a ‘substantial basis’

Article 111 of Level 2

- 4.1 Leverage shall be considered to be employed on a substantial basis for the purposes of section 2.5 above when the exposure of an AIF as calculated according to the commitment method under Article 8 of Level 2¹⁰ exceeds three times its net asset value.
- 4.2 Where the requirements referred to in section 4.1 are fulfilled, AIFMs shall provide information in accordance with sections 2.5 to 2.7 to the FSC in accordance with the principles laid down in section 3.3 above.

5. Application of implementing measures

Any measures adopted by the European Union Commission under Article 24(6) of the AIFMD will also be applicable.

In addition, the FSC shall comply with any request made by ESMA, in accordance with Article 24(5) of the AIFMD, to impose additional reporting requirements.

¹⁰ For further information, refer to the FSC information page on “AIFMD – AIFMs managing leveraged AIFs”