

## **INVESTMENT SERVICES RULES FOR ALTERNATIVE INVESTMENT FUNDS**

### **PART B: STANDARD LICENCE CONDITIONS**

#### **Appendix 8 Transparency Requirements**

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##### **1 Introduction**

1.0 The SLCs prescribed in this Appendix are applicable to self-managed AIFs.

##### **2 Annual Report**

2.01 In terms of SLC 8.88 of Part B of these Rules, the AIF, shall, make available an annual report for each financial year no later than 6 months following the end of the financial year. The annual report shall be made available to investors on request.

2.02 The annual report of a self-managed AIF shall contain at least the following information:

- (a) A balance sheet or a statement of assets and liabilities;
- (b) An income and expenditure account for the financial year;
- (c) A report on the activities of the financial year;
- (d) Any material changes in the information listed in SLC 8.85 of Part B of these Rules and SLCs 6.01 to 6.07 of Appendix 4 during the financial year covered by the report;
- (e) The total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIF to its staff, and number of beneficiaries, and where relevant, carried interest paid by the AIF;
- (f) The aggregate amount of remuneration broken down by senior management and members of staff of the AIF whose actions have a material impact on the risk profile thereof.

2.03 Where the AIF is required to make public an annual financial report in accordance with Directive 2004/109/EC only such additional information referred to in SLC 2.02 above needs to be provided to investors on request, either separately or as an additional part of the annual financial report. In the latter case, the annual financial

report shall be made public no later than 4 months following the end of the financial year.

- 2.04 The accounting information given in the annual report shall be prepared in accordance with the accounting standards of the home Member State or EEA State of the AIF and with the accounting rules laid down in the fund rules or instruments of incorporation.
- 2.05 The accounting information given in the annual report shall be audited by a certified auditor and in accordance with the accounting rules laid down in the Constitutional Documents and/or Offering Document. The auditor's report, including any qualifications, shall be reproduced in full in the annual report.
- 2.06 In complying with the requirements prescribed in SLC 2.01 to 2.05 above, the AIF shall also refer and comply with the applicable provisions of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

### **3 Disclosure to the Competent Authority**

- 3.01 In terms of SLC 8.87 of Part B of these Rules the AIF shall regularly report to the MFSA on the principal markets and instruments in which it trades on behalf of the AIFs it manages.
- 3.02 The AIF shall provide information on the main instruments in which it is trading, on markets of which it is a member or where it actively trades, and on the principal exposures and most important concentrations of the AIF.
- 3.03 In complying with SLCs 3.01 to 3.02 above, the AIF shall submit to the MFSA the information prescribed in Annexes 1 and 2 to Appendix 8 to these Rules and shall further comply with:
- a. the applicable provisions of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision; and
  - b. the ESMA Guidelines on reporting obligations under Articles 3(3)(d) and 24(1), (2) and (4) of the AIFMD [ESMA/2013/1339 (revised)].
- 3.04 The AIF shall provide the MFSA with the following information:
- (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 thereby 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 SLCs 8.38(b) and 8.42 of Part B of these Rules.
- 3.05 In complying with SLC 3.04 above, the AIF shall submit to the MFSA the information prescribed in Annex 3 to Appendix 8 to these Rules and shall further comply with:
- a. the applicable provisions of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision; and
  - b. the ESMA Guidelines on reporting obligations under Articles 3(3)(d) and 24(1), (2) and (4) of the AIFMD [ESMA/2013/1339 (revised)].
- 3.06 The AIF shall, on request provide the MFSA with an annual report for each financial year in accordance with SLCs 2.02 and 2.03 of this Appendix.
- 3.07 An AIF employing leverage on a substantial basis shall provide the MFSA with information about the overall level of leverage employed thereby, a break-down between leverage arising from borrowing of cash or securities and leverage embedded in financial derivatives and the extent to which the AIF's assets have been reused under leveraging arrangements.
- 3.08 The information provided pursuant to SLC 3.06 above shall include the identity of the five largest sources of borrowed cash or securities, and the amounts of leverage received from each of those sources for the AIF.
- 3.09 In complying with SLC 3.08 above, the AIF shall submit to the MFSA the information prescribed in Annex 4 to Appendix 8 to these Rules and shall further comply with:
- a. the applicable provisions of the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision; and

- b. the ESMA Guidelines on reporting obligations under Articles 3(3)(d) and 24(1), (2) and (4) of the AIFMD [ESMA/2013/1339 (revised)].
- 3.10 Where necessary for the effective monitoring of systemic risk, the MFSA may require information in addition to that prescribed in this Appendix on a periodic as well as on an ad-hoc basis. The MFSA will inform ESMA about the additional information requirements.