



AIFMD Reporting Seminar

The MFSA's Practical Implementation of the AIFMD Reporting Requirements

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Topics

- The Implications of the AIFMD Transparency Requirements
- Local Implementation Planning
- The Reporting Frequency, Timeframes and Changes
- Reporting Format
- Specific Information Reporting
 - National Codes
 - Counterparty Risk
 - Liquidity Risk
- AIFMs with No Data to Report
- ESMA Opinion [ESMA/2013/1340]
- File Naming Convention

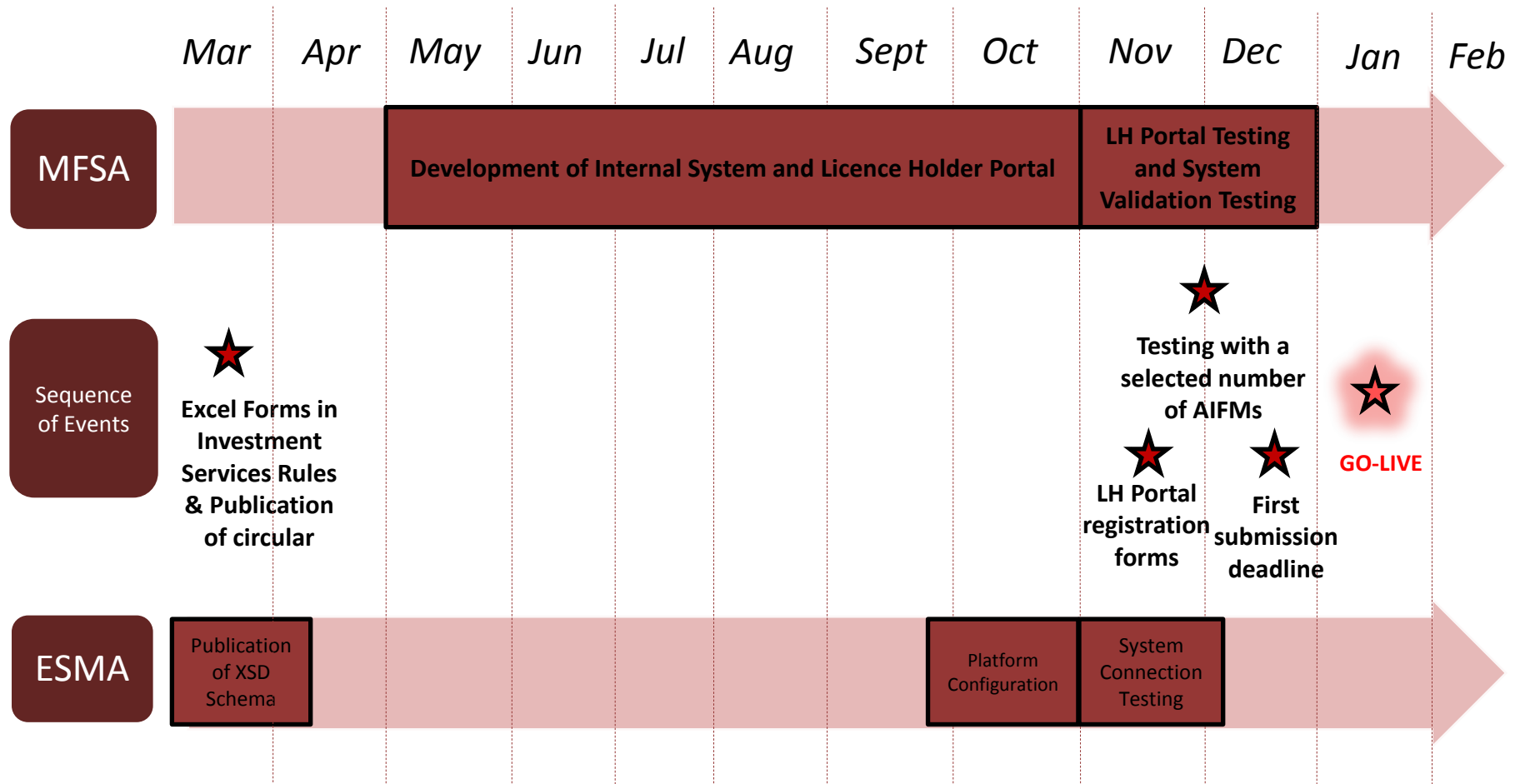
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The Implications of the Transparency Requirements

- The AIFMD transparency requirements will bring about a cultural change in the alternative investment industry.
- The AIFMD reports are extensive with **60 distinct sub-sections** (56 sections at AIF level and 4 sections at AIFM level) with a total of **301 AIF fields** and **38 AIFM fields**.
- The sections need to be filled in as applicable.
- The only acceptable language for the AIFMD reporting is English.
- Additional time and effort is required to collate the necessary data from the various service providers.
- The MFSA has a legal obligation to provide the relevant reports to ESMA by clearly defined timeframes. There is no room for flexibility and the submission deadlines are expected to be adhered to.
- The reports will be submitted to ESMA through a secured interface whereby syntax validation and content validation checks will be conducted.

Local Implementation Planning – March 2014 to February 2015



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Reporting Timeframes

- AIFMs are required to report to the MFSA for the first full quarter following the issue of the licence.
- AIFMs need to submit their reports within **one month** from the end of the relevant reporting period.
- Example: An AIFM licensed in Quarter 3 of 2014 subject to annual reporting needs to submit the first report covering 1 October to 31 December 2014.
- All AIFMs licensed as full or *de minimis* AIFMs before Quarter 4 of 2014 will be submitting the AIFMD returns by 31 January 2015.
- The AIFM reporting categories are based on the calendar year and the reporting dates are: 31 March, 30 June, 30 September and 31 December.

Determination of The Reporting Frequency

AIFMs need to determine their reporting frequency (i.e. quarterly, half yearly, annually) depending on:

- Whether the AIF is managed or marketed within the EU;
- Total size of assets under management;
- Embedded Leverage of the AIFs under management; and
- Investment in non-listed companies and issuers aiming to acquire control.

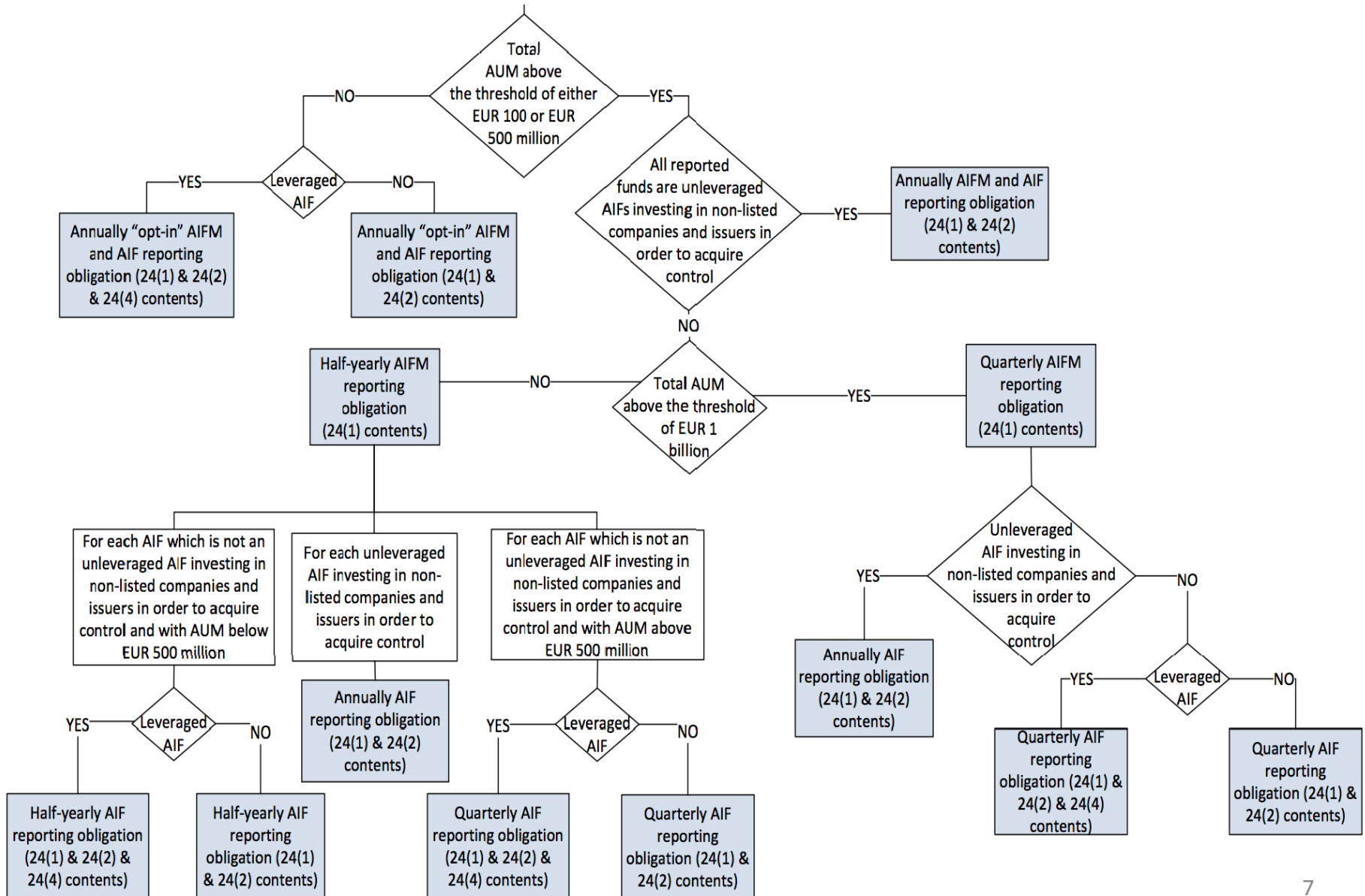
Two complex flowcharts determine the reporting category and frequency of AIFMs.

The reporting frequencies applicable to Maltese AIFMs are also applicable to non-EU AIFMs marketing an EU and/ or non-EU AIF in Malta.

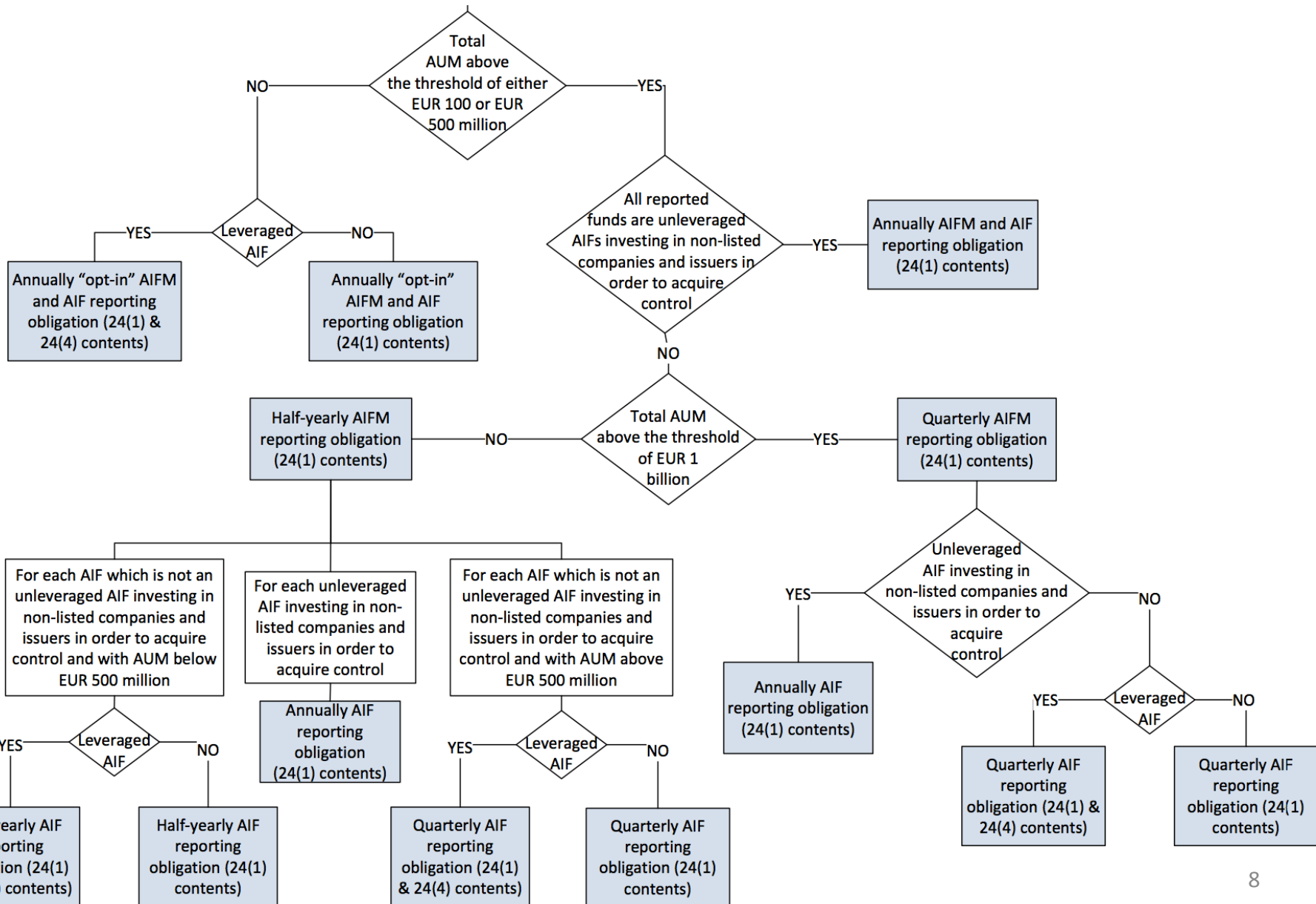
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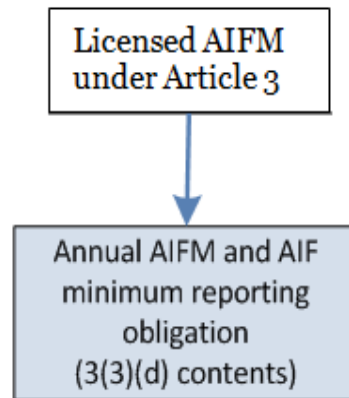
Reporting for AIFs Managed or Marketed in the EU



Reporting for AIFs Not Managed or Marketed in the EU



De Minimis AIFM



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Changes in the Reporting Frequency of AIFM

- Several scenarios exist when there are changes in the reporting frequency of an AIFM such as in the following instances:

Case	BEFORE CHANGE			AFTER CHANGE			Frequency change code to report
	AIFM reporting status	Reporting frequency	Reporting contents	AIFM reporting status	Reporting frequency	Reporting contents	
1	<i>De minimis</i> AIFM	Yearly	3(3d) for all AIFs managed	AIFM with quarterly obligation	Quarterly	24(1) for all AIFs managed	YQ
2	AIFM with quarterly obligation	Quarterly	24(1) for all AIFs managed	AIFM with half yearly obligation	Half yearly	24(1) for all AIFs managed	QH
3	AIFM with half yearly obligation	Half yearly	24(1) for all AIFs managed	AIFM with quarterly obligation	Quarterly	24(1) for all AIFs managed	HQ
4	Full AIFM (opt-in)	Yearly	24(1) for all AIFs managed	AIFM with quarterly obligation	Quarterly	24(1) for all AIFs managed	YQ
5	Authorised AIFM with only unleveraged AIFs investing in non-listed companies and issuers in order to acquire control	Yearly	24(1) for all AIFs managed	Full AIFM (opt-in)	Yearly	24(1) for all AIFs managed	

Changes to an AIFM of an AIF or Liquidation of an AIF

- Change in AIFM between two reporting dates:
 - The new AIFM should report information at the end of the next reporting period covering the whole period.
 - The new AIFM needs to gather information from the former AIFM.
- Liquidation or merger of an AIF:
 - The AIFM has to provide to the MFSA the last report of the AIF immediately after the AIF has been liquidate or merged.

Reporting Format

- XML version 1.2 (as published by ESMA on 25 March 2014).
- The XSD schema file is sub-divided into three documents:
 1. AIFMD_DATMAN_V1.2.xsd for the AIFM information reporting;
 2. AIFMD_DATAIF_V1.2.xsd for the AIF information reporting; and
 3. AIFMD_REPORTING_DataTypes_V1.2.xsd for the types of data in the AIFM and AIF files.
- Technical guidance document version 4 (as revised by ESMA on 23 September 2014):
 1. Table 3 – Geographical area and geographical zone code (Example Malta – MT);
 2. 2013-1358_aifmd_reporting_it_technical_guidance;
 3. AIFM sample file (in XML); and
 4. AIF sample file (in XML).

Data to be Reported to the AIFMD Reporting System

- Each AIFM or AIF file is uniquely identified by:
 - The AIFM reporting Member State code;
 - AIFM national code;
 - Reporting year; and
 - Reporting period covered.
- The unique identifiers will be used to cancel erroneous AIFM or AIF returns with incorrect data but which have passed the validation checks.
- AIFMs may submit more than one file for a specific reporting period if deemed necessary such as if the NAV of an underlying AIF for the applicable period is issued after the submission deadline.

Specific Information Reporting

AIFM national code:

- An AIFM national code is unique code to identify an AIFM.
- It is essentially the licence number issued by the MFSA on the AIFM licence with an adjustment.
- Any punctuation in the number should be excluded from the code
 - Example: For licence number IS/ 1396, the AIFM national code is IS1396.
- AIFMs not licensed in Malta should use the licence number issued by their Home National Competent Authority with the above-mentioned adjustment UNLESS their National Competent Authority has already granted a national code.

Specific Information Reporting – continued

AIF national code:

- AIF national codes are unique codes to identify an AIF.
- It is the licence number provided in the licence issued by the MFSA with the exclusion of punctuation marks and spaces.
 - Example: For CIS licence number CIS/ 1998 A, the AIF national code is CIS1998A.

Note: The national codes are mandatory characters and a return will fail the validation check if this field is not filled in correctly.

Specific Information Reporting – continued

AIF counterparty risk profile:

- Breakdown of derivative instruments – (i) traded on a regulated market, and (ii) OTC.
- Collateral used by each AIF – (i) cash, (ii) other securities excluding cash and cash equivalents, and (iii) other collateral such as letters of credit.
- Top counterparty exposure from and towards the AIF.
- Top three central clearing counterparties by ranking.

Specific Information Reporting – continued

AIF liquidity profile:

- Portfolio liquidity profile by time bucket and value of unencumbered cash.
- Investor liquidity profile by time bucket.
- Investor redemptions including: (i) redemption rights time bucket, (ii) notice period for redemptions, and (iii) any lock-up period.
- Special liquidity arrangements such as side pockets as a percentage of NAV.
- Preferential treatment including disclosure, liquidity or fee terms.
- Breakdown of ownership by investor group type.
- Financial liquidity comprising the value of borrowings and cash financing.

AIFMs with No Data to be Reported

- A return still needs to be submitted to the MFSA.
- AIFMs with no AIFs under management – submission of AIFM file only.
- AIFMs managing an AIF which has not yet been launched – submission of AIFM file and an AIF file highlighting that the AIF has not commenced operations.
- An AIFM with no information to report on an AIF should complete:
 - a. Fields 1-21 of the AIFM file;
 - b. Field 21 (AIFM no reporting flag) of the AIFM and field 23 should read True (“T”);
 - c. Fields 1-23 of the AIF file; and
 - d. The other data fields should be left empty as otherwise the files will not pass the validation checks.

ESMA Opinion [ESMA/2013/1340]

- AIFMs subject to quarterly and half-yearly reporting obligations to the MFSA are required to include the additional information in the ESMA Opinion in their returns.
- The information in the ESMA Opinion includes:
 - Information on High Frequency Trading (“HFT”):
 - number of transactions under HFT;
 - market value of buys and sells in base currency under HFT;
 - Short position hedging percentage;
 - Geographical breakdown of the investments held by the AIF by percentage of the assets under management;
 - Information on risk measures including:
 - vega exposure;
 - value-at-risk (to be reported only when already calculated);
 - net FX delta;
 - net commodity delta; and
 - Information on non-EU master AIFs not marketed in the Union.

Naming Convention applicable to Uploads on the LH Portal

- Returns to be updated on the LH Portal should be saved in ZIP format.
- The files should not be password protected.
- The ZIP file should be in the format:
 - **LICENCEHOLDERCODE_MMMYYYYY.zip**
where
 - The licence holder code is available from the MFSA's website and from the MFSA LH Portal; and
 - MMMYYYYY is the reporting month and year.
 - Example: AIFM_DEC2014.zip
- The ZIP file will be composed of XML files - one AIFM file and one or more AIF files.

Naming Convention - continued

- The XML files should be saved in the following format:

File Number	Type	AIFM/ AIF Name	File Naming Convention
1	AIFM	ABC Fund Management Ltd	MT_DATMAN_CE_01
1	AIF	XYZ Funds SICAV plc	MT_DATAIF_CE_01
2	AIF	AVF SICAV plc	MT_DATAIF_CE_02

where:

- MT – fixed for reporting in Malta;
- DATMAN – AIFM file;
- DATAIF – AIF file;
- CE – Central Europe; and
- 01 – Integer indicating the file number.

Conclusion

- In light of the complexity of Annex IV, complete and accurate reporting is essential.
- Compliance Officers/ their delegates need to ensure that the reports have been submitted to the MFSA accurately and within the stipulated deadlines.
- Changes in the assets under management and leverage figures should be monitored as this determines the reporting frequency.
- The AIFM returns will provide the MFSA with valuable information to understand the operations of an AIFM and the AIFs under management.
- The Annex IV reports gives the MFSA and ESMA the appropriate tools to monitor systemic risk.
- The correct implementation of the project will enhance the reputation of Malta as a jurisdiction. We rely on your cooperation in this regard.

Thank you for your attention

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