

Deloitte regulatory news alert

ESMA issued guidelines, AIFMD reporting must now change gears and accelerate



AIFMD Update – ESMA issued Guidelines on reporting obligations

ESMA has finally issued its much awaited **guidance and recommendations on the reporting requirements** under AIFMD. The ESMA consultation on reporting, which closed on July 1, raised much market interest and comment, not least for the interaction with other transitional provisions for implementation but also for the extremely tight potential timeline to put all in place to meet the deadline. Under initial proposals a first reporting date of January 2014 was mooted across the board.

In the event the guidance has something for everybody, with ESMA taking the necessary measure of market sentiment in reaching its final conclusions. Some will be disappointed that at this late stage certain key issues remain to be resolved, but by and large the market can now get down to tackling the practicalities and pull together the required solutions to meet these obligations.

Start of reporting

Of note, on the key issue of timing, ESMA has heeded the markets pleas and come up with a pragmatic start date as a function of authorisation and size; the specifics will be determined by National Competent Authorities and in this context it should be noted that the CSSF has already announced a further press announcement in the 4th quarter with regard to reporting.

Another sigh of relief will accompany the determination of the period to be covered by the initial reporting; it is no longer retro-active to the 22 July 2013 as proposed at one stage, but will cover the relevant reporting period, quarterly, semi-annual or annual, starting immediately after the reporting obligation is triggered – and the reporting periods remain the calendar year rather than the fiscal year of either the AIFM or the AIF thereby allowing comparative data analysis.

Look through no more required

Another touch on the accelerator comes from clarification on look through – no longer required either for Fund of Funds or for Feeder Funds – although Feeders and Masters will indeed have to report separately. Likewise for Investor Concentration investors who are part of the same group shall be considered as one investor – an apparent clarification

which no doubt will lead to questions of interpretation.

LEI, turnover and market risk measures

And other potential traffic congestion may come from the use of the LEI (Legal Entity Identifier) as a key identifier (along with the existing registration references with National Competent Authorities) but does not answer the complex question with which EMIR implementation is already struggling as to who should issue the LEI, under what circumstances and how its uniqueness can be ensured.

The debate will also no doubt continue to rage as to the method of calculating turnover – but it is a huge step forward that there is a clear method enunciated. Addressing feedback received, ESMA has also chosen not to require information on high frequency trading as initially considered and has limited the range of market risk measures to the ones set out in the Regulation. This step back is somehow balanced by the view that these risk metrics should be supplemented by additional market risk information such as Value-at-Risk or portfolio's sensitivities, where relevant according to the investment strategy pursued by the AIF. This interesting suggestion may well leave the market place perplexed.

The good news is that there is at last clarity - How can Deloitte help you?

For those who have not yet embarked on their reporting projects, the pragmatism on start dates may be of slim comfort – the time remaining to July 2014 means that external solutions become more and more attractive; for those already well-embarked on the road, it is now time to pull together the elements to turn a concept into a production line and to fine tune the options to incorporate these clarifications.

At Deloitte we should be delighted to cover in detail with you with specific requirements that have now been clarified, and to discuss with you the global solution we have put in place to assist you in meeting your obligations.

Our solution comprises both a very strong human capital element (alternative investment fund experts as well as data management experts) and a very strong technology element (we propose a state-of-the-art AIFMD platform technology). This combination enables us to deliver a service that keeps the workload on your side to a strict minimum and provides you with regulatory comfort. More information available [here](#).

We trust this information is of assistance and remain at your disposal for any further questions. Please contact your usual Deloitte representative or your local AIFMD project leads for further information.

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