

# What to Know About Increased AIFMD Reporting Requirements in the UK

**May 15, 2017**

On 29 June 2017, changes to the UK's Financial Conduct Authority's rules and guidance on Annex IV reporting under the Alternative Investment Fund Managers Directive (AIFMD) will come into effect.

These changes will apply to fund managers established outside the European Economic Area (non-EEA AIFMs) that market feeder alternative investment funds (AIFs)<sup>[1]</sup> in the UK under the AIFMD national private placement regime and that submit Annex IV reports for these feeder AIFs on a quarterly basis.<sup>[2]</sup> For these AIFs, non-EEA AIFMs will be required to report quarterly information on the feeder AIF's master AIF as well, notwithstanding that the master AIF has not been registered for marketing in the UK.

The first quarterly Annex IV report for relevant master AIFs would need to be submitted to the FCA by 31 July, 2017 (i.e., for the quarter April to June 2017).<sup>[3]</sup> Although the FCA has stated that it will be contacting those non-EEA AIFMs affected by the changes, AIFMs affected by the new requirements should be taking appropriate steps to ensure that the required information is reported within the applicable time frames.

## Background

At the beginning of 2017, the FCA published [amendments](#) to its rules and guidance on Annex IV reporting under the AIFMD. The amendments come into force on 29 June 2017.

The amendments will affect non-EEA AIFMs that market feeder AIFs in the UK under the UK's implementation of Article 42 of the AIFMD national private placement regime and that currently report Annex IV information for these feeder AIFs on a quarterly basis.

For these AIFs, the non-EEA AIFM will be required to report quarterly information on the feeder AIF's master AIF as well (assuming that the AIFM is the same for both feeder and master), notwithstanding that the master AIF has not been registered for marketing in the UK. If the AIFM of the feeder AIF differs from the master AIF, then the additional reporting requirement will not apply even if the AIFMs of the respective feeder and master are affiliated.

The change to FCA rules and guidance on Annex IV reporting brings the UK in line with existing ESMA guidance and also with the approach of some other European regulators which currently require non-EEA AIFMs to file Annex IV reports for the relevant master AIFs.

### **Practical considerations**

Non-EEA AIFMs that currently market feeder AIFs in the UK under the AIFMD national private placement regime should consider whether the changes to the FCA's reporting requirements apply to their master-feeder structures.

To determine this, the key questions to consider are:

#### **"Does the non-EEA AIFM currently have to submit quarterly Annex IV reports for its feeder AIF?"**

If "No" (e.g., if the feeder AIF marketed in the UK is only subject to half-yearly or annual reporting requirements), then the additional master AIF reporting requirements will not apply and no additional action is required.

If "Yes", then the next question to ask is:

#### **"Are the feeder AIF and its master AIF managed by the same AIFM?"**

If "No", then the additional master AIF reporting requirements will not apply (even if the respective AIFMs are affiliated or in the same group) and no additional action is required.

If "Yes", then the new requirements will apply and appropriate measures should be taken by the AIFM to comply with the new requirements. As the changes take effect on 29 June 2017, the first quarterly Annex IV report for the relevant master AIF should be filed by 31 July, 2017 (i.e., for the quarter April to June 2017).[\[4\]](#)

Although the FCA has indicated that it will be contacting affected AIFMs ahead of the 29 June effective date (see 'Master fund registration' on the FCA's AIFMD Update [webpage](#)), affected non-EEA AIFMs should already be taking steps to ensure that they are able to comply with the additional requirements when they come into force.

If you have any further questions please contact us for more information on the new requirements.

[\[1\]](#) The European Economic Area currently is made up of the 28 Member States of the European Union and Iceland, Liechtenstein and Norway.

[\[2\]](#) Annex IV reporting frequency for AIFs is determined by reference to whether the AIF is leveraged or not and the amount of the AIF's assets under management (Annex 1 (section 2) of the European Securities and Markets Authority (ESMA)'s [Guidelines](#) on AIFMD reporting sets out the relevant determining factors in more detail). By way of example, AIFs which employ 'leverage' and which have assets under management of more than €500 million are subject to quarterly periodic reporting. Private equity fund structures would not normally be subject to quarterly reporting. The FCA's new requirements will not affect the current approach for determining the reporting frequency for any particular AIF.

[\[3\]](#) For a master AIF that is a fund-of-funds, the AIFM will have an additional 15 days to file the Annex IV information on the master AIF to the FCA. So for the quarter April to June 2017, the deadline for filing information on a master AIF which is a fund-of funds will be 15 August 2017.

[\[4\]](#) See Footnote 2.

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#### [Related Professionals](#)

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