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In the “FRAME” - FCA Proposals to Reform Asset Manager Reporting

September 8, 2026

The Financial Conduct Authority’s CP26/26, which was released 14 July 2026 alongside the consultation on the UK AIFM Regime (CP26/28) proposes to transform how UK and third-country alternative asset managers (“**AIFMs**”) report information about their funds. The regulator’s aim is to make fund reporting more proportionate while increasing the quality and consistency of the reported data. The FCA has worked closely with its international counterparts, including the U.S. Securities and Exchange Commission (“**SEC**”) and ESMA in refining its proposals. To this end, some of the CP26/26 themes echo the Rollback of Form PF Requirements proposed by the SEC and CFTC earlier this year. This borrows from AIFMD II, such as loan origination category and reporting on delegation of investment management functions.

For further information on the UK AIFM reform, please refer to our note here.

The new reporting regime will be known as FRAME – Fund Reporting for Asset Management Entities. FRAME will replace a number of existing returns currently used by the FCA to collect data from various categories of asset managers, including AIF001/002 for AIFMs. CP26/26 also includes proposals to require firms that carry out portfolio management activities subject to the Markets in Financial Instruments Directive (“**MiFID**”) regime to report a breakdown and other details of their funds under management and assets under advice on an annual basis using a new return which will replace MIF008.

The key changes proposed are summarised below and are recommended to be reviewed alongside the draft FRAME reporting template (in XLS format), as published by the FCA, intended to replace the existing returns.

New Size Thresholds, Reporting Frequency and Lag

The FCA has proposed to segment the reporting requirements into “essential”, “enhanced” and “event-based” depending on the size of the firm and the investment strategy. The “essential” vs “enhanced” threshold is set by reference to the net asset value (“**NAV**”), as a departure from gross assets under management calculation under the current regime derived from the EU Alternative Investment Fund Managers Directive (“**AIFMD**”). Funds with NAV below £500 million will only be subject to essential reporting requirements. AIFMs will be required to complete enhanced reports for any funds with NAV above that threshold.

In a welcome move, the FCA has proposed to set reporting frequency to annual for most types of funds (regardless of the size), including Registered Venture Capital fund (RVECA) and Social Entrepreneurship Fund (SEF). The reporting lag is 120 days following the end of the reporting period. As an exception, hedge funds and authorised funds (such as UCITS, NURS and LTAF) will be subject to quarterly reporting. Managers will be required to monitor their fund NAV against the £500m threshold but will be allowed a sufficient time cushion to meet the new reporting requirements (two quarters for funds reporting quarterly or one year for annual reporting). AIFMs will also have a choice to opt-in to the enhanced reporting for funds with NAV below £500m to allow consistent reporting for all their funds.

The FCA has also proposed to refine the guidance on when AIFMs should start reporting data in relation to a new AIF to align it with what it believes to be the current market practice. AIFMs will be required to begin reporting data from, as applicable: (i) first acceptance of external capital (such as the first closing for a closed-ended fund or first subscription for an open-ended fund), or (ii) first investment decision taken on behalf of the AIF. Prior to that date, the FCA will continue to allow AIFMs to submit nil returns.

Essential and Enhanced Reporting Requirements

The general information section of the FRAME reporting template is intended to generate the section of the form that the firm is required to complete for each of its funds depending on the fund type, size and use of leverage. The generated fields will be mandatory by default. The FCA intends to retain the existing XML functionality for uploading and is considering making it mandatory for enhanced reporting.

Essential reporting collected from all funds consists of the following sections: (i) general information (which includes basic information on the fund status, as set out below), (ii) if applicable, delegation arrangements; (iii) fund profile and strategy, (iv) investor base and distribution (including a proportion of NAV represented by a single investor and whether the fund is marketed to retail investors), (v) performance (gross and net return in line with the NAV frequency), and (vi) liquidity profile (continuing with the existing portfolio liquidity requirements). AIFMs which use leverage for investment purposes (including hedge funds) will also be required to complete the counterparty exposure section. The section requiring essential VaR reporting will not apply to AIFs and is reserved for UK UCITS.

Enhanced reporting will include a number of additional sections building on the essential reporting requirements, as well as additional fields depending on the AIF type and investment strategy (see below). Some of the key requirements being introduced by the FCA cover: (i) a further breakdown of investor base and distribution (e.g. a percentage of per se professional clients and elective professional clients), (ii) data on fund fee structures, (iii) data on performance and investor subscriptions and redemptions; (iv) further liquidity information, including a breakdown of unencumbered assets; (v) market risk sensitivities and VaR (except for private market funds), (vi) new format for reporting portfolio concentrations, and (vii) for leveraged funds, financing maturity, collateral, margin and derivatives exposures).

Leverage and Derivatives

The FCA has proposed to retain the current definition of leverage for all fund types. Building on CP26/28 proposals, the FCA will no longer require AIFMs to calculate leverage using gross and commitment methods. Relatedly, the concept of “substantially leveraged” (three times NAV using the commitment method) will be removed. Instead, the FCA believes it will collect better data by requiring reporting on exposures, leverage providers and forms of leverage. To this end, CP 26/26 draws a distinction between leverage used for hedging and investment purposes when using derivatives.

Therefore, AIFs that use derivatives for investment purposes, will be required to report on their derivatives exposures and counterparties. In such a case, AIFMs will not be required to split derivative use by purpose, but only to report on the overall exposures. Any AIF falling within the definition of a “hedge fund” will be presumed to fall within that category. Other types of AIFs that only use derivatives for hedging purposes will not be required to report on counterparty exposure.

Reporting for Master Feeder Structures

To avoid duplication, reporting for feeder funds will not be required if the manager also reports on the master fund. The FCA has retained the existing definitions of master and feeder AIF for these purposes. Under the proposals, the information on the feeder (e.g. feeder-level leverage or investor composition) would then need to be aggregated in the master fund report. The FCA proposals contemplate that reporting would continue to apply at sub-fund level for umbrella structures.

Reporting for Different Categories of AIFs

FRAME introduces fund-type reporting add-ons to ensure that the reporting obligations are more proportionate and better tailored to the related risk profile of a fund strategy.

A. Hedge fund managers

The FCA is introducing a new definition of “hedge fund” which is based on three elements: (i) an open-ended AIF (ii) where the person involved in its management or the selection of investments is entitled to be paid a performance fee (or allocation) calculated by reference to unrealised gains (even if such performance fee is not payable for a particular period), and (iii) the exposure of the AIF may be increased by either borrowing in excess of half of its NAV or embedding leverage in derivatives positions in excess of twice its NAV. The definition of an “open-ended AIF” in the draft Alternative Investment Fund Managers sourcebook (ALTS) mirrors the AIFMD definition and hinges on the entitlement of investors to have their units repurchased or redeemed out of the AIF’s assets in accordance with the procedures and frequency set out in the AIF’s terms of investment. As such, the definition of a hedge fund is likely to capture most evergreen fund structures which use leverage (including in the form of derivatives or structured products). AIFMs managing hedge funds will be required to report on a quarterly basis within 45 days of the quarter end.

Hedge funds subject to enhanced reporting will be required to report monthly performance data, regardless of how often the fund strikes NAV. AIFMs of hedge funds will also be subject to event-based reporting that requires key balance sheet data when hedge funds experience a 10% drawdown within 72 hours. The FCA stated that its aim in bringing in the new requirement was to align its approach with the SEC's policy on event based reporting.

B. Third-country managers

Third-country AIFMs marketing under the UK national private placement regime will be subject to the same £500m threshold-based reporting obligations as UK-authorised AIFMs. Third-country managers of hedge funds will be required to report quarterly, within 45 days, and will be subject to event-based reporting in the same way as hedge funds managed by UK AIFMs. Other funds will be subject to annual reporting (regardless of their NAV) with a 120-day lag.

The FCA reporting proposals also cover operators of recognised schemes marketed under the Overseas Fund Regime (such as EU UCITS funds) and individually recognised overseas schemes.

Whereas in the past third-country AIFMs were able to repurpose the regulatory reporting prepared to meet their obligations under the AIFMD, there will now be divergence between UK and EU regulatory reporting requirements

C. Private market fund reporting

The "enhanced" reporting template applicable to AIFs with NAV above £500m includes sections tailored to specific private market structures which will be generated automatically for funds classified as private market, private equity or loan origination funds. A "private market fund" has been defined as a loan origination fund or a fund that predominantly invests in infrastructure, real estate, private equity or private credit. Relatedly, a separate "continuation fund" fund type has also been proposed. For the "loan origination fund", the FCA has borrowed the elements of the AIFMD II definition of a "loan-originating AIF" – that is a fund (i) whose investment strategy is mainly based on the use of originated loans, or (ii) that has originated loans with a notional value representing at least 50% of the fund's NAV.

The FCA has proposed to collect valuation data at a portfolio level based on the AIFM's valuation methodology, rather than an asset-by-asset basis.

Reporting by Residual CIS Operators

Operators of collective investment schemes, such as carried interest schemes or other vehicles that do not meet the definition of an AIF, are not currently required to report information on such schemes to the FCA. CP26/26 proposes that such CIS operators should complete aggregated reporting for all such schemes on an annual basis with a 120-day lag time to prepare the report. The proposed reporting template requires firms to provide data on the number of such schemes and their purpose, gross notional amount of derivatives and the gross market value of long and short positions in cash securities. The FCA has clarified that firms with the permission to operate a CIS that are not currently operating or managing such schemes will be able to submit a "nil return" but should consider their obligations to review their regulatory permissions against their current business models and notify the regulator, if appropriate.

Reporting for Segregated Accounts and Advisers

The FCA has proposed a new definition of "segregated portfolio manager or adviser" which seeks to capture asset managers or advisers who provided separate account management or advisory services to clients, such as fund managers, funds or insurers. Advisers and managers authorised as MiFID investment firms and CPMI firms will be required to submit an annual firm-level report on their segregated portfolios. The reporting template has been published alongside CP26/26. The first part of the report will require an aggregate figure for the gross notional amount of derivatives and gross market value of long and short positions. This section will also include a separate requirement to provide a gross FUM figure for any funds managed by the UK firm on a delegated basis from an overseas AIFM or operator (e.g. a UCITS management company) that are not also marketed in the UK. The second part of the report requires a breakdown of the FUM (derived from the most recent figure reported on FSA038) figure by client type. This data is aimed at assisting the FCA in understanding the global nature of the firm's business. The third section of the report requires a further breakdown of any assets advised across fund types and portfolios.

The FCA also plans to consult separately on removing the MIF008 reporting requirement for investment firms subject to MIFIDPRU.

Changes to AIFM Applications and Notifications

The FCA plans to move all existing applications and notifications from fund managers from email to Gateway, the FCA's new online system. This would cover, among others, new fund under management applications, material change form, changes to delegation arrangements and notice of sub-threshold AIFM exceeding the AUM threshold.

Next Steps

The period for feedback closes on 22 October 2026. A policy statement with final rules is expected to follow in the first half of 2027. The FCA plans to implement the new reporting regime fully in 2028, although some aspects of reporting could be introduced earlier, depending on the industry feedback and firm readiness. The FCA expects to publish prototype forms to be used to test the new reporting framework before the end of 2026.

Related Professionals

- **Anna Maleva-Otto**
  Partner
- **John Verwey**
  Partner
- **Rachel E. Lowe**
  Special Regulatory Counsel
- **Michael Singh**
  Associate
- **Sulaiman I. Malik**
  Associate