



FI Ref.17-21575
(Obligatory in replies)

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AIFM reporting to Finansinspektionen

Finansinspektionen (FI) has identified common errors in the AIFM reporting¹. FI includes below a list of the most common errors as well as a description of how AIF managers should fill in the rows in ESMA's reporting forms. FI is sending this letter to all AIF managers obligated to report in accordance with Chapter 13, sections 2 and 4 of the Alternative Investment Fund Manager Act (2013:561). FI asks AIF managers to ensure that information is reported to FI in the format requested as per ESMA's instructions, e.g. so IT systems do not convert absolute numbers and percentages.

Instructions detailing how AIF managers are to submit reports are available at:

FI's website

<http://www.fi.se/sv/marknad/rapportering/fond/>

ESMA's website

<https://www.esma.europa.eu/regulation/fund-management>

ESMA guidelines

Guidelines on reporting obligations under Articles 3(3)(d) and 24(1), (2) and (4) of the AIFM Directive.

<https://www.esma.europa.eu/sites/default/files/library/2015/11/esma-2014-0004-00-00-ensv.pdf>

Technical Guideline

ESMA has published an IT technical guideline on its website, *AIFMD reporting IT technical guidance 2013/135*. This document presents format and validation rules for the reports. If the reports deviate from these rules, it is in some cases not possible to report to FI.

¹ The reporting obligation for AIF managers in accordance with Chapter 13, sections 2 and 4¹ of the Alternative Investment Fund Managers Act (2013:561). The reporting follows that set out in Articles 24(1), 24(2) and 24(4) of Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers (AIFM Directive).

ESMA Q&A

ESMA provides regularly updated answers to reporting and other questions in its document, *ESMA Question and Answers – Application of the AIFMD ESMA 34-32-352*. When a new question is added, a new version of the document is published on ESMA's website.

Investor concentration (rows 119-120) and breakdown of ownership (rows 208-209)

When stating investor concentration broken down into retail and professional investors, the concentration total should equal 100 per cent. The same applies to the breakdown of ownership. This means that the sum of the values in rows 119-120 should total 100 and the sum in row 209 should also total 100. In both of these cases, the total should never be 1.

Example: If investor concentration in the fund is broken down into 50 per cent retail customers and 50 per cent professional customers, 50 is reported in row 119 and 50 in row 120. The total equals 100 per cent. AIF managers should not report 0.5 in row 119 and 0.5 in row 120, since the sum equals 1 and will be interpreted as 1 per cent.

Investor liquidity profile (row 186-192)

The AIF manager should break down the AIF fund's net asset value into the periods indicated depending on the shortest period within which the invested funds could be withdrawn or investors could receive redemption payments. The sum of the values in rows 186-192 should equal 100 per cent and not 1.

This information is mandatory, as set out in a clarification to question 78 in ESMA's document *ESMA Question and Answers – Application of the AIFMD ESMA 34-32-35*.

Investor redemptions (row 194)

AIF managers should choose one of the following values for the investor redemption frequency:

- Daily
- Weekly
- Fortnightly
- Monthly
- Quarterly
- Half-yearly
- Yearly
- Other
- NONE AIF managers would indicate NONE if, for instance, they do not offer investors the opportunity to redeem.

According to ESMA's document, *AIFMD reporting IT technical guidance 2013/135*, this information is optional if the information is not available. FI takes the position

that information about the redemption frequency is almost always available and would like this information to be included in the report.

Leverage of the AIF (row 294)

How should leverage be reported?

ESMA's guidelines state that the leverage should be reported as a percentage. Point 127 states that, "For the calculation of the leverage under the Gross and the Commitment methods, AIFMs should report values expressed as a percentage of the NAV."

Example: If the exposure is EUR 2 billion and NAV is EUR 1 billion, the calculation would be $(2 \text{ billion} / 1 \text{ billion}) * 100$. The result is 200 per cent and this is the figure that is reported. AIF managers should not report 2.

If the fund does not have any leverage, this does not mean that AIF managers automatically report 0. AIF managers should not report 1, either, or leave the field empty.

For more information about how leverage is calculated, refer to Articles 6-8 in Commission Delegated Regulation (EU) No 231/2013.

Who should report leverage?

AIF managers reporting in accordance with Article 24(2) of the AIFM Directive, in accordance with Commission Delegated Regulation (EU) No 231/2013, Annex IV, should report leverage.

Best regards,

FINANSINSPEKTIONEN