



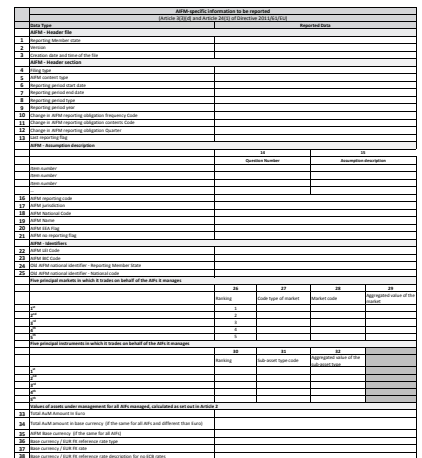
Arendt  
regulatory  
& consulting

# AIFM reporting solutions

At the origin of the Alternative Investment Fund Managers Directive 2011/61/EU (“AIFMD”) of 8 June 2011 is the strong will of European lawmakers to monitor systemic risk. To reach this goal, the AIFMD has introduced reporting obligations for AIFMs managing or marketing AIFs in Europe.

Both EU AIFMs and non-EU AIFMs (for each of the AIFs marketed in the EU) are required to report to the relevant EU national regulators information relating to their strategy, liquidity, systems used to manage their risks, information on the main categories of assets in which they are invested, and the results of their stress tests relating to risk and liquidity management.

Depending on the assets under management (“AuM”) and on the level of leverage they use, AIFMs are required to file their reports on a quarterly, semi-annual or yearly basis, these reporting periods being aligned with the last business day of March, June, September and December of each year.



The content of the reporting is precisely defined in the Level 2 regulation and subsequent technical guidelines: depending on the AIFM’s AuM, it will range from easy-to-gather information on principal markets and instruments traded and on investment strategies (“light reporting”) to more complex and scattered figures on liquidity profiles and stress testing results (“full reporting”).

Arendt Regulatory & Consulting offers a new service to bring personalised and adjustable reporting solutions to AIFMs, allowing them to concentrate on their core business while fulfilling the requirements of the AIFMD.

## The challenge of data

**Up to 339!** 38 fields in an XML file to fill in for the AIFM and up to 301 fields for each AIF. This makes quite a large amount of data to identify, collect, save, reformat, (re)evaluate, control, validate and report.

Beyond the sheer amount of data, one of the first challenges consists in understanding the data to be reported and where to find it within the environment of the AIFM. Depending on the size of the AIFM and on the extent of its integration with its service providers, the performance of this first step may take from a couple of days to several weeks. The fund administrator, the transfer agent, the asset manager and the risk manager are the information providers that will most likely be involved in this process.

Generally, the collection of data will impose AIFMs to pull the identified data from multiple data sources, including for some of them, across specific historical time periods. Taking into account the need to get consistent data with the same timestamp and the recurrence of the process, this will make critical the use of a dedicated data repository. Indeed, trying to automate the data gathering process when the reporting is due on a quarterly basis will result in a cost-effective decision.

Once the raw data to be collected has been identified, its reformatting will be critical. While most software solutions are able to manage the technical formatting imposed by electronic filing, the AIFMD has introduced new conventions and calculation methods, in particular for the computation of asset turnover and exposures. For risk exposures, it is even more complex given the necessary historical data required for the calculation of such figures.

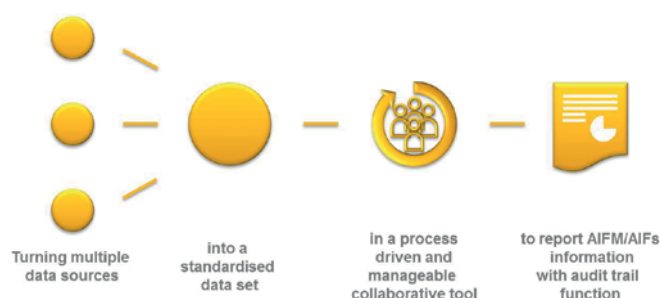
Finally, for the full reporting, an AIFM will need a strong tool that allows the control of the collected data to be able to track the content (before and after any change), the way it was modified (automatic vs. manual) or amended (who, when) and the management of its status by group of data (e.g. sections of the report).

These functionalities will allow the AIFM to be in control at any step of the reporting chain and will enable it to validate the report with an absolute confidence in the accuracy of the generated file. Once produced, the report can then be filed with the competent authority.

## Our approach

We offer our clients the possibility to benefit from Arendt's strong expertise in EU regulations and, with the help of well-known IT solutions existing in the market, to be AIFMD compliant with a minimum of investment costs.

Our services range from the simple filing with the CSSF of a report produced in-house by the AIFM to the complete outsourcing of the reporting process:



- For example, if an AIFM is eligible for an annual reporting and is willing to keep the lead in this duty, we put at its disposal a standardised data set that will help it to prepare and manage its own reporting and support it through an on-call service for any question it would have. With this level of service, the AIFM remains responsible for the collection, mapping and control of the data, and we bring our expertise when required in terms of data interpretation, content requirement, and reporting rules.

- For AIFMs with a more frequent reporting obligation or which are integrated into a multi-source data environment with shared services across different locations or companies, we provide full reporting assistance up to filing with the CSSF. We offer strong expertise in the definition and the automation of the reporting process, the coordination of the identification and mapping of the required data and, when required, find alternatives for the calculation of the risk figures, the valuation of assets or the research for missing data.

In all cases, whether the AIFM is based in or outside Europe, our team can be relied on to meet the best standards of quality in relation to the AIFMD reporting requirements.

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