FINANCIAL CONDUCT AUTHORITY

Consultation Paper
CP26/26 **

Fund Reporting for Asset Management Entities (FRAME)

July 2026

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Or in writing to:

Asset Management
Sector Team
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

Telephone:
0207 066 1000

Email:
cp26-26@fca.org.uk.

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Chapter 1

Summary

Why we are consulting

1.1 The UK's asset management sector is critical to the UK economy, with £16.5 trillion managed across a wide range of funds, strategies, investors and markets. The breadth of this sector is central to the UK's position as a global financial centre. It also means that the regulatory data we receive must enable us to supervise a variety of risks.

1.2 His Majesty's Treasury (HMT) is consulting on a draft statutory instrument setting out proposed changes to the legal framework of the UK's Alternative Investment Fund Managers (UK AIFM) regime. Alongside our proposed reforms to the AIFM regulatory framework in CP26/28 The UK AIFM Regime, the proposals set out in HMT's consultation provide us with an opportunity to improve fund reporting for AIFMs, as well as managers and operators of other types of funds.

1.3 Currently, different reporting requirements across a range of fund types produce inconsistent data that is difficult for us to use and interpret, cumbersome for firms to report, and is not always targeted to the risks we need to monitor.

1.4 This Consultation Paper (CP) outlines proposals that would make fund reporting more proportionate while increasing the quality and consistency of data reported to the FCA. Proportionality does not mean lowering expected standards in relation to consumer protection or market integrity; it means that reporting obligations should be set according to the scale of risk. Our proposals would mean that firms managing larger funds, which are likely to have a greater impact on market integrity or consumer protection, would report more data compared to firms managing smaller funds.

1.5 Overall, our proposals would reduce the reporting burden across the population of fund managers by 75% and enable us to be a more targeted, better informed, smarter regulator.

1.6 In this consultation paper we are proposing a new regulatory reporting framework called Fund Reporting for Asset Management Entities (FRAME). FRAME has been designed based on three principles:

- Simplicity: collecting the data we need in its simplest form.
- Proportionality: matching reporting requirements to risks.
- International alignment: reducing the variability of reporting across different regulators.

1.7 FRAME would replace the current fund reporting requirements for asset management firms with a single framework calibrated to the type, size and activity of the fund. It would consolidate forms and reduce the need for some notification requirements, while improving the data we collect to monitor risks to consumers and the market and understand how the sector is evolving. It would also give managers of smaller funds more proportionate requirements based on the risk they pose. These are similar principles to those we have used in our work to reform transaction reporting, which helps to bring a consistent approach to FCA reporting across regimes.

1.8 For the first time, we want to collect data on fund holdings in relation to certain UK authorised funds. This information would give us a direct view of portfolio composition. From a supervisory perspective, this data can help us understand how a fund takes risk, whether it remains consistent with its investment objective, strategy and liquidity profile and can help us identify and monitor potential risks to consumers and the market.

1.9 In our 2024 paper, Roadmap to implementing the Overseas Fund Regime (OFR), we highlighted that, in due course, we intended to collect information from recognised funds to support oversight of the regime. We are proposing that operators of recognised funds will be required to report limited data to us on a quarterly basis. Data collected will enable us to understand the asset management landscape better, particularly with respect to funds sold to UK retail investors.

1.10 We are also revisiting what information we receive when a fund is first authorised or registered, or when it makes changes, and modernising how firms submit this information to us.

What we want to change

1.11 We want to transform how firms report information to the FCA about funds they manage. We want to make reporting more relevant to today's markets, simpler to compile, and more straightforward to submit. We will do this with a flexible set of new reporting forms. These new forms will include requirements that are largely consistent across funds, and some requirements which are specific to different types of funds, such as hedge funds, or loan origination funds.

1.12 We expect to create consistency across forms to normalise reporting for firms that manage multiple different types of fund. We want to make reporting more straightforward for those managers starting a fund or growing a smaller fund. Below are the firms and funds that will be subject to FRAME under our proposals:

- FCA-authorised UK Alternative Investment Fund Managers (AIFM): all alternative investment funds (AIFs) managed by the AIFM.
- Managers of Registered Venture Capital funds (RVECA) or Social Entrepreneurship funds (SEF): RVECAs and SEFs.
- UK Undertakings for Collective Investment in Transferable Securities (UCITS) management companies: UK UCITS.
- Third country AIFMs marketing in the UK under the National Private Placement Regime (NPPR): unauthorised AIF(s) marketed in the UK.
- Operators of recognised schemes: Overseas Funds Regime (OFR) funds and individually recognised section 272 overseas schemes.

1.13 The graphic below shows the types of funds we propose that managers and operators will report on under FRAME, and the types of data we plan to collect:

		Types of fund set at fund authorisations gateway									
		Regulatory Classification					Unauthorised AIF Descriptive Classification				
		UK UCITS	NURS	LTAF	QIS	OFR / s272 Funds	Hedge Fund	Loan Origination Fund	Private Equity Fund	Infra / Real Estate Fund	Other Fund
Funds <£500m (Essential Reporting)	Common Essential Requirements	y	y	y	y	y	y	y	y	y	y
	VaR (Essential)	y	n	n	n	n	n	n	n	n	n
	Counterparty Exposure (Essential)	c	c	c	c	c	y	c	c	c	c
Funds >£500m (Enhanced Reporting)	Fund Profile & Strategy	y	y	y	y	n	y	y	y	y	y
	Dealing Terms / Investor Rights	y	y	y	y	n	y	y	y	y	y
	Investor Base	y	y	y	y	n	y	y	y	y	y
	Fees, Performance & Flows	y	y	y	y	n	y	y	y	y	y
	Portfolio Concentrations	y	y	y	y	n	y	y	y	y	y
	Liquidity Risk & LMTs	y	y	y	y	n	y	y	y	y	y
	Portfolio Exposures	n	n	y	y	n	y	y	y	y	y
	Private Markets	n	n	p	p	n	n	y	y	y	n
	Portfolio Sensitivities & VAR	y	y	y	y	n	y	n	n	n	n
	Shareclass & Benchmarks	y	y	n	n	n	n	n	n	n	n
	Holdings	y	y	n	n	n	n	n	n	n	n
	Counterparty Exposure & Borrowing	c	c	c	c	n	y	c	c	c	c
	Event-based Reporting	n	n	n	n	n	y	n	n	n	n

Key: **Y:** Required **N:** Not Required **C:** Required if is leverage used **P:** Required if the fund is a private market fund
*this is an illustrative diagram

1.14 The proposals above focus on fund-level reporting. We also plan to address specific gaps in the regular information we receive about wider asset management activity.

1.15 Many Markets in Financial Instruments Directive (MiFID) investment firms, including Collective Portfolio Management Investment (CPMI) firms operating in the asset management sector, undertake portfolio management and/or investment advice activity for institutional clients. These firms comprise a large portion of the UK asset management landscape, reflecting the fact that the UK is a major hub for portfolio management for domestic and international clients. In Chapter 7, we propose that these firms be subject to a new streamlined annual report which includes a short section on derivatives, borrowings, followed by a breakdown of funds under management (FUM) and assets under advice.

1.16 Operators of certain types of Collective Investment Schemes (CIS) do not currently report information to us about these schemes. In Chapter 7 we propose that firms with relevant permissions would be required to submit a short annual report regarding the size, type and number of CIS.

1.17 We are also proposing changes to how fund applications and notifications are submitted to us. Chapter 9 sets out our proposals for these submissions to be made through an appropriate FCA online system and explains how we intend to make more consistent use of the information we receive throughout the fund lifecycle.

Measuring success

1.18 We aim to measure success based on supervisory outcomes and firm experience.

1.19 **Supervisory outcomes:** We aim to create a reporting regime that supports data-led supervision, helping us to identify outlier funds in the market by spotting poor performance, consumer risk and systemic risk. The incorporation of Legal Entity Identifiers (LEIs) will allow us to link fund reporting to other reporting submitted by the sector (e.g. UK European Market Infrastructure Regulation, UK Securities Financing Transactions Regulation, UK Markets in Financial Instruments Regulation) and enable us to identify and act on risks sooner.

1.20 We will be able to see the impact of our proposals across our internal supervisory data including the number of investigations, cases opened, cases closed, and enforcement actions. It is not necessarily the volume of each metric that indicates success, but also the quality of action taking place across metrics. Supervisory activity often involves informal engagement with firms at an early stage before market or consumer harm materialises. This preventative action can be harder to track through metrics, while being effective in mitigating harm.

1.21 **Firm experience:** We aim to simplify and reduce the cost of compliance across the overall population of fund managers and operators, while maintaining the data needed for effective supervision. We will continue to capture feedback from firms on our reporting to understand their experience of using specific forms and make improvements to the user interface.

1.22 We intend to monitor the firm experience and cost of compliance resulting from our proposals. We are publishing a prototype version of our essential reporting requirements alongside this CP for firms to test on a voluntary basis, and further prototypes will follow, which will also ask firms to estimate the cost of completing reporting based on our proposals.

1.23 According to our cost benefit analysis (CBA) in Annex 2, the estimated annual net direct cost to business (EANDCB) of the proposals is approximately -£110.98m. This reflects substantial ongoing cost savings to AIFMs, estimated at around £147.8m per year. This is offset by new ongoing reporting costs for Undertakings for Collective Investment in Transferable Securities (UCITS) funds, estimated at around £19.6m per year, and one-off implementation costs to all firms of approximately £139.8m. The one-off and ongoing costs to the FCA associated with building and maintaining the new system are modest relative to the scale of industry impacts.

Navigating this consultation paper

1.24 Chapters 1 and 2 of this consultation paper provide a summary of our proposals and the context behind them. Chapter 3 explains the overall design of FRAME, including how reporting requirements differ across fund types and manager populations. Chapters 4, 5, and 6 set out which data we plan to require from managers and operators, and our rationale. Chapter 7 explains wider changes to the fund reporting regime, including which existing forms we plan to decommission because of our proposals and how our proposals apply to money market funds and investment trusts. Chapter 8 focuses on how we propose designing the reporting framework for users, and how reporting will work in practice. Chapter 9 sets out our ongoing work to transform fund authorisations and registrations, and how we plan to connect the data received via authorisations and registrations processes with ongoing reporting.

Next steps

1.25 Annex 1 lists the questions we would like feedback on. Please send us your views and comments by 22 September 2026. We will consider the feedback provided when we decide our final rules. You can send us your comments using the form on our landing page. If you cannot use the form, contact us at cp26-26@fca.org.uk to discuss other ways to respond.

1.26 We aim to produce further prototype forms that firms can use to test our new reporting framework before the end of 2026. A policy statement with final rules will follow in the first half of 2027. In Chapter 8, we ask respondents who will be required to report under FRAME to indicate how much time will be required to prepare to start reporting according to the requirements we have proposed. Based on feedback from respondents, we will in due course set out a proposed date to bring the new requirements into force. We aim to have the new reporting regime fully implemented in 2028 and we are exploring whether some aspects of reporting could be introduced earlier depending on firm readiness.

Chapter 2

The Wider Context

The harm we are trying to reduce/prevent

2.1 Good quality fund data reporting enables us to identify risks of consumer and market harm and informs our policy and supervisory response. For example, improved fund data reporting can help identify inaccurate asset valuations, poor value products, liquidity issues, and retail clients wrongly being categorised as professional clients. Taking a proportionate approach means that larger funds, that are likely to have a greater impact on consumers and the integrity of the market, would report more information to us.

The reporting landscape

2.2 The data collected under our proposed reporting framework will be used for supervisory monitoring and market integrity analysis by the FCA, and will be used by the Bank of England (the Bank) to help support its objectives of financial stability and risk assessment, as part of our continued joint work to improve data sharing across UK authorities. This data collection is one part of a broader set of critical data reporting available to authorities for supervision and monitoring risks. Other data reporting includes transaction and post-trade reporting under a range of UK regulatory regimes, including UK Markets in Financial Instruments Regulation (MiFIR), UK European Market Infrastructure Regulation (EMIR) and UK Securities Financing Transactions Regulation (SFTR). The Bank and the FCA have created a Transaction and Post-trade Reporting Harmonisation Taskforce with the goal of creating a streamlined and harmonised framework for transaction reporting across those collections to drive improvements to the UK transaction reporting regime. FRAME's design takes into account the data available under these regimes when determining the appropriate detail and level of granularity of information to be reported.

Domestic and international stakeholders

2.3 Throughout the development of these proposals, we have engaged closely with the Bank, including in respect of the private markets System-wide Exploratory Scenario (SWES). We already have information-sharing agreements in place with the Bank.

2.4 We have engaged with the FCA Practitioners Panel and the Markets Practitioners Panel. They have provided helpful feedback on the existing reporting framework, opportunities for improvement and our principles for undertaking this work. We consulted the Cost Benefit Analysis (CBA) panel and have summarised its main recommendations and our subsequent changes in our CBA at Annex 2. We intend to continue engagement with FCA panels throughout the development of the reporting framework.

2.5 We have engaged with international regulators, including the Securities and Exchange Commission (SEC) and European Securities and Markets Authority (ESMA), along with international standard-setting bodies, to identify opportunities to align aspects of our reporting requirements and address shared challenges. We have noted ESMA's recent publications regarding data integration in particular, and we will continue to engage throughout the development of our reporting regime and ESMA's work on technical standards and consultation proposals.

2.6 We continue to work closely with the Securities and Exchange Commission (SEC) and Commodity Futures Trading Commission (CFTC), who recently published their joint proposed rules for Form PF. We have different regulatory objectives, but the common ground shared between the SEC and CFTC, and the FCA, is an opportunity to align aspects of reporting to achieve more cross-jurisdictional coherence for firms. We strongly agree with the direction the SEC and CFTC have taken in their joint proposed rules, including their focus on simplification and proportionality, whilst maintaining data requirements that enable effective supervision and the identification of market risk.

How it links to our objectives

2.7 **Smarter regulator:** The FCA receives limited data on a large portion of the funds managed by the asset management sector. We want the UK to be best-in-class when it comes to fund data collection, analysis and insight to support our risk-adjusted approach to supervision. Better data permits better and more efficient supervision.

2.8 **Rebalancing risk:** Based on our supervisory experience, some of the data we currently receive is, or has become, less relevant to monitoring key risks, which means there is an opportunity to improve or reduce some of our requirements.

2.9 **Supporting growth:** The UK's asset management industry (which is the second largest globally) is a significant contributor to the UK economy. Collecting, and publishing data that is aggregated and anonymised can demonstrate the strength and resilience of the market.

Secondary international competitiveness and growth objective

2.10 The modernisation, simplification, international alignment and proportionality of our fund data reporting proposals demonstrate the FCA's continued work to support growth in buy-side markets. Our cost benefit analysis estimates the current cost to a firm of one regulatory report is approximately £3,400. Over multiple funds, reporting multiple times per year, over a decade, the cost to the market can be significant. By making reporting more proportionate, we reduce the cost burden on managers and operators of smaller funds, which can be passed on to consumers or reinvested in the firm.

Equality and diversity considerations

2.11 We have considered the equality and diversity issues that may arise from the proposals in this Consultation Paper. We consider this further in Annex 3 in our Equality Impact Assessment and we welcome feedback on this.

Chapter 3

A New Fund Reporting Framework

3.1 In this Chapter we break down our proposed reporting framework, including the thresholds, frequency, time to report, and scope of FRAME as set out in the table below. We also set out our approach to leverage, master and feeder funds, and calculation methodologies when reporting. Our reporting proposals apply at the sub-fund level and to standalone funds by default and unless otherwise stated.

Firm type	Fund type (Note: feeder funds are excluded where we receive reporting about the master fund(s) of the feeder fund(s))	Reporting requirements	Annual or quarterly reporting (Note: reporting period end dates: annual: 31 December quarterly: 31 March, 30 June, 30 September, 31 December)	Lag (time to prepare reports after the last business day of the reporting period)
Authorised UK AIFM	all AIFs managed by the AIFM that have a net asset value of under £500m	'Essential' requirements	Quarterly where managing hedge fund(s) or authorised fund(s) Annual for other fund types	120 days (except hedge funds and authorised funds) 45 days for hedge funds 60 days for LTAFs and FAIFs 30 days for NURS 30 days for QIS
	all AIFs managed by the AIFM that have a net asset value of £500m or more	'Enhanced' requirements (in addition to 'Essential' requirements)	As above (Note: also subject to event-based reporting where managing hedge fund(s))	As above
RVECA or SEF manager	RVECA/ SEF	'Essential' requirements	Annual	120 days

Firm type	Fund type (Note: feeder funds are excluded where we receive reporting about the master fund(s) of the feeder fund(s))	Reporting requirements	Annual or quarterly reporting (Note: reporting period end dates: annual: 31 December quarterly: 31 March, 30 June, 30 September, 31 December)	Lag (time to prepare reports after the last business day of the reporting period)
UK UCITS management company	UK UCITS that have a net asset value of under £500m	'Essential' requirements	Quarterly	30 days
	UK UCITS that have a net asset value of £500m or more	'Enhanced' requirements (in addition to 'Essential' requirements)	Quarterly	30 days
Third country AIFM marketing in the UK under NPPR	Unauthorised AIF(s) marketed in the UK with a net asset value of under £500m	'Essential' requirements	Quarterly if marketing a hedge fund. Annual in relation to all other AIFs.	120 days (except hedge funds) 45 days for hedge funds
	Unauthorised AIF(s) marketed in the UK with a net asset value of £500m or more	'Enhanced' requirements (in addition to 'Essential' requirements)	Quarterly if marketing a hedge fund. Annual in relation to all other AIFs. (Note: also subject to event-based reporting where managing hedge fund(s))	As above
Operator of a scheme recognised under section 271A or s272 FSMA	Recognised schemes	'Essential' requirements	Quarterly	30 days

Thresholds for reporting

3.2 To ensure proportionality, we propose that the granularity of reporting requirements should correspond to the size of a fund. We are proposing that managers will submit a set of 'essential' reporting requirements for each fund under £500 million net asset value (NAV). For funds over £500 million NAV, managers will be required to submit more extensive 'enhanced' requirements. We set out our proposed requirements in Chapters 4 and 5, and in the FRAME template form published with this consultation paper.

3.3 Based on the current fund population: out of 21,684 AIFs we receive reporting on, 19,571 (90%) will only report the essential requirements. The essential requirements capture the critical data points for monitoring market and consumer risk and deliver a significant reduction in burden for firms with smaller funds that currently report to us as set out in our CBA at Annex 2.

3.4 By setting the threshold according to the size of a fund, rather than the size of the manager, a large manager with a variety of large and small funds would be subject to essential reporting for its smaller funds, while we preserve proportionate visibility across their funds.

3.5 We know that setting thresholds comes with challenges for firms as they must monitor their funds in anticipation of crossing the threshold and becoming subject to new requirements. We are proposing two rules to help firms manage fluctuations in the size of a fund:

- **Opt-up:** Firms can choose to provide the enhanced reporting for funds that are below the £500 million NAV threshold. This will allow firms to proactively select a single consistent set of reporting requirements if they prefer to comply with enhanced requirements in relation to all funds, or if they foresee that a fund is likely to grow to more than £500 million NAV.

- **Time cushion:** We propose that firms managing funds that report quarterly have two quarters before they must meet the new reporting requirements. The NAV of the fund on the final business day of the last reporting period will stipulate whether essential or enhanced reporting is required in either two quarters (for those reporting quarterly) or one year (for those reporting annually).

3.6 The time cushion would be available to firms that have already reported under either the essential or enhanced requirements. For the first annual report, or the first two quarterly reports returned by firms, where historical NAV data is not available, the reporting requirements would be determined by the NAV of the fund on the last business day of the reporting period. This would require managers to monitor the growth of the funds' NAV to ensure they were prepared to return the enhanced requirements if necessary.

Question 1: **Is our approach to proportionality appropriate and do the proposals for moving between tiers and opting up allow sufficient flexibility?**

Frequency of reporting

3.7 We want to balance our need for data to supervise effectively with the burden that requirements place on firms. We know that more up-to-date data is useful when assets change value more frequently, and when a fund has frequent subscriptions and redemptions. Where leverage is involved, this can change the risk and liquidity profile of the fund and introduce potential systemic risk. While higher reporting frequencies improve the recency of data and can help identify risk, they also increase the burden on firms.

3.8 Most authorised funds typically invest in public markets and mainstream financial assets. Authorised funds are regulated products that are typically open to retail investors and usually deal more frequently than unauthorised funds. We propose that managers will be required to submit reporting for their authorised funds on a quarterly basis.

3.9 Unauthorised AIFs (excluding unauthorised AIFs that are hedge funds) are not regulated products, they more commonly have professional investors, a higher exposure to illiquid assets, and/or invest on longer time horizons. We are proposing that managers of unauthorised AIFs, except for unauthorised AIFs that are hedge funds, must submit reporting on an annual basis. Annual reporting will also apply to closed-ended investment companies that are AIFs (see Chapter 7 for further details on investment trusts). We are considering whether this proposed annual reporting gives us sufficiently recent data from managers of unauthorised AIFs to enable us to identify and monitor risks, and we would welcome feedback from respondents on this approach.

3.10 We propose that managers will be required to submit reporting for unauthorised AIFs that are hedge funds on a quarterly basis, in line with their more frequent trading activity, use of leverage, and investments in higher-volatility assets. We are providing a definition of a hedge fund in our proposed rules in Appendix 1. We considered whether monthly reporting would be preferable for hedge funds, but believe quarterly data will be sufficient to enable effective supervision, alongside our event-based reporting proposals set out in Chapter 5.

3.11 We intend to capture data points relating to fund performance multiple times over the reporting period, based on how often the fund strikes an NAV, which will enable us to identify volatility. For example, if a fund strikes an NAV on a quarterly basis, and the manager of the fund is required to provide one report per year, then that report will include performance data for each quarter during the year. Except for UK UCITS and Non-UCITS Retail Schemes (NURS) funds with enhanced requirements, we would not require performance data any more frequently than monthly. UK UCITS and NURS funds with enhanced requirements would provide performance data for each NAV struck in the reporting period.

Lag: time to complete reporting after the final business day of the reporting period

3.12 The time between when a reporting period ends and when a report must be submitted is referred to as a 'lag'. The current lag for many funds is one calendar month under current AIF reporting rules, and we know from our engagement with firms that this can cause challenges with data accuracy. Our proposals will maintain or increase lag times for all funds from current levels.

3.13 Our proposed approach means that the most commonly liquid, actively traded, open-ended funds such as UK UCITS, NURS, and QIS will report quarterly with a 30-day lag. Semi-liquid funds such as LTAFs that are less active in terms of trading frequency will report quarterly with a 60-day lag and funds that are typically the least liquid, least active will report annually with a 120-day lag. Frequency and lag are not, in our proposed approach, impacted or changed by the size of the fund. Hedge funds, given their transaction frequency, risk profile, and use of leverage, would have a lag time of 45 days to provide more recent data. On this basis we propose the following lag times (as set out in the table at paragraph 3.1):

- Unauthorised AIFs and funds marketed under NPPR are subject to a lag of 120 days, aside from hedge funds which are subject to a 45-day lag;
- LTAFs, and NURS Fund of Alternative Investment Funds (FAIFs) will be subject to a 60-day lag; and
- UK UCITS, NURS (excluding FAIFs), QIS and recognised schemes will be subject to a 30-day lag.

Question 2: **Does our approach aligning to frequency and lag to liquidity capture the risks sufficiently for different fund types and allow sufficient headroom for submission?**

Leverage

3.14 For FRAME reporting, we propose to use the current Handbook definition of leverage for all fund types, which is any method by which the exposure of a fund is increased through any type of borrowing. This is commonly through the borrowing of cash or securities, or leverage embedded in derivative positions. We provide a definition of leverage for FRAME reporting specifically in our proposed rules in Appendix 1, which essentially extends the existing definition to all fund managers and operators for reporting purposes.

3.15 It is recognised globally that leverage has implications for financial stability, with significant interlinkages between banks and Non-Bank Financial Institutions (NBFI). The Financial Stability Board (FSB) has recognised this and has recently published recommendations on both leverage and liquidity preparedness. We have taken this work into account in our proposed reporting requirements.

3.16 Under our current reporting requirements, we require managers to compute two measures of leverage for their funds and report them to us and disclose them to their investors (Gross and Commitment methods). These measures are complicated, open to interpretation, and useful only at a very high level, as they attempt to "add up" different types of leverage. As detailed in CP26/28 The UK AIFM Regime, we propose to no longer require managers to calculate and report any leverage metric, including using these methods, and we propose to remove the additional requirements triggered by Commitment method reporting for "substantially levered" AIFs.

3.17 Data used to assess the risks arising from leverage typically come in three forms. Firstly, the amount accessed via the asset classes and product types used, showing what leverage has been obtained against. Secondly, the source and amount of leverage via lenders and the types of agreements borrowed under, showing the amount of leverage and the provider. Thirdly, the liquidity and resilience of a fund in meeting leverage commitments.

3.18 Our current data collection under AIFMD provides this information only at a high level. For example, we are unable to appropriately assess the amount of leverage in interest rate products. Additionally, we can only see collateral posted by the fund in total. Therefore, while we can see the mark to market of exposure, we cannot see what collateral has been posted to individual counterparties and thus which counterparties are most at risk of fund failure.

3.19 Rather than relying on complex single calculations of leverage, we plan to collect better data on what has been levered via exposures and sensitivities, as well as on the leverage provider, the form of leverage and the resilience of funds. Receiving the underlying data rather than relying upon a single calculation should be simpler for firms and gives us more flexibility in how we assess leverage and introduces an element of future proofing. The detail is discussed in chapters 4 and 5 below.

Using derivatives for investment purposes and hedging

3.20 Derivatives create counterparty exposures, whether they are used for investment purposes or to hedge risks. We therefore consider that, as a general principle, funds that use derivatives should report on the counterparty exposures those derivatives create.

3.21 We recognise, however, that funds often use derivatives to hedge out risks that are not part of their core investment strategies. For example:

- a fund that has GBP and EUR share classes and needs to swap returns to the appropriate currencies.
- a fund buying USD assets and swapping these to its base currency.
- a floating rate fund buying fixed rate bonds and swapping them to floating rate.

3.22 For funds outside the hedge fund definition (as per our proposed rules in Appendix 1), we do not propose to require counterparty exposure reporting where derivatives are used only for the types of hedging described above, as these activities typically do not incur the magnitude of counterparty risk that funds using derivatives for investment purposes incur. We propose to require counterparty exposure reporting only where derivatives are used for investment purposes as they pose greater risk to our objectives.

3.23 For unauthorised AIFs defined as hedge funds according to our proposed rules, we propose to apply the general principle that funds using derivatives should report the counterparty exposures those derivatives create. In this population, derivative use may be material and offsetting positions may reduce specific risks while still forming part of the investment strategy. Applying a hedging-only exclusion in those cases would reintroduce complex and judgement-based distinctions of the kind we are proposing to remove from the current Commitment method approach.

3.24 We propose that funds reporting on derivatives will not have to split derivative use by purpose but simply report on their overall exposures.

3.25 As set out in our decommissioning plans in Chapter 7, we plan to decommission the existing FSA042 form which requires UK UCITS operators to provide derivative data, which will be collected through FRAME instead.

Question 3: Do you agree with our approach of collecting more granular data on the use of leverage rather than relying upon inaccurate complex calculations?

Master funds and feeder funds

3.26 We intend to use the existing definitions of a feeder fund as set out in the Handbook, for the purposes of FRAME reporting. Feeder funds are used to channel investor capital to a master fund that then makes investments. From a conduct and risk perspective, it is the master fund that is active in the market and taking on risk, and this is where we apply our supervisory focus.

3.27 Requiring ongoing reporting of feeder funds does not bolster our supervisory capability where we receive data from their master fund, which is why we are proposing to exclude feeder funds from ongoing reporting where the master fund is subject to FRAME reporting requirements.

3.28 Where a feeder fund has been excluded from reporting requirements, we are proposing that firms aggregate relevant data from their feeder funds, into their FRAME reporting for the relevant master funds. For example, a master fund would report its investor base by aggregating the investors in its feeder funds. This is also the case where a feeder fund uses leverage for investment purposes; we would expect the firm to aggregate and report underlying data on behalf of any feeder funds excluded from reporting requirements. We do not propose creating new or nuanced sections of the reporting framework to specifically account for master funds and feeder funds, as this would cause complexity and expand the form unnecessarily.

Calculation methodology

3.29 We have set out definitions and calculations in our proposed rules at Appendix 1. However, there are many variations of key calculations depending on the context of the type of fund or fund manager; producing technical guidance for each variation of a calculation would create a continual cycle of updating guidance which would burden firms. Mandating that firms do not deviate from defined calculations can mean that regulatory reporting differs from investor reporting on the same number. We want to take a balanced approach by providing key definitions but allowing firms to report as they would to investors.

3.30 We are proposing that where we ask for a certain number that the firm already reports to investors, they can use that same number in their reporting to us. This means, for example, that where we ask a firm to provide the fund's gross returns, defined as "gross investment returns or the internal rate of return of the fund over the reporting period with a breakdown aligned with the frequency in (in percentage terms, gross of management and performance fees)" in our proposed rules, the firm should report their gross returns as they would to investors. Where the firm does not report a number to their investors, they can refer to the definitions provided in our proposed rules.

3.31 We believe this is the best approach to managing the variation in calculation methodologies between different firms and funds, as it relies on the contractual duties that firms and fund managers have to their investors. We set out in our proposed rules that the methodology used should result in the information being reported to us being clear, fair and not misleading.

Question 4: Do you agree with our approach to calculation methodologies? If not, why?

Reporting requirements for specific fund types

3.32 Our proposals for FRAME aim to make reporting requirements as consistent as possible for different types of funds. This means all funds will have the same data requirements with some exceptions.

3.33 There are some sections of the form published alongside this CP that are only relevant to specific types of funds, including:

- UK UCITS (eg, VaR reporting in essential requirements – Chapter 4).
- UK UCITS and NURS (eg, Holdings reporting – Chapter 5).
- Private market funds (eg, private market reporting on continuation funds and asset valuations – Chapter 6).
- Loan origination funds (eg, private market reporting on loan origination – Chapter 6).
- Private equity funds (private market reporting on private equity performance and dominant influences – Chapter 6).

3.34 The regulatory classification of a fund (e.g. UK UCITS, LTAF, unauthorised AIF) is known from the process to authorise or register the fund itself. Where we require additional information such as a fund's descriptive classification (e.g. a hedge fund, private equity fund) we plan to collect it at the fund authorisations gateway and through notifications.

3.35 Certain classifications will trigger additional reporting requirements. For example, if a firm selects that a fund they manage is a hedge fund, and the fund is subject to enhanced reporting because it is over £500 million NAV, the manager will be required to provide monthly performance data for that fund.

3.36 We plan to make it straightforward for firms to change the descriptive classification of funds simply and quickly at the fund authorisations gateway. We are providing definitions of hedge funds and loan origination funds in our proposed rules at Appendix 1. Firms can use the template form to see which reporting requirements would apply to their funds under our proposals and we also set out which data requirements apply to certain funds in the graphic on page 6.

3.37 We estimate that around 9% of funds in scope of FRAME are over £500 million NAV and will be subject to enhanced reporting, which means the additional requirements for enhanced reporting would apply only to a small percentage of funds.

3.38 We propose to take different approaches to funds marketing under the NPPR and recognised schemes, reflecting the different role of reporting under each regime.

For funds marketing under the NPPR, we propose to maintain an approach equivalent to existing reporting obligations, including enhanced reporting where the relevant thresholds are met. This supports our visibility of AIFs marketed in the UK where their size, strategy, leverage or market activity may be relevant to UK market integrity. Given that recognised schemes are subject to an equivalence-based regime, we propose to require essential reporting only regarding these schemes. This will give us a high-level understanding of recognised funds promoting to UK investors, complementing the information received when such funds are recognised and within subsequent notifications.

Question 5: **Do you agree with our proposed design of the framework? If not, what would you change and why?**

Chapter 4

Essential Reporting Requirements

4.1 We have published a template form setting out our proposed reporting requirements under FRAME with this consultation paper, we make frequent reference to this form throughout the following Chapters, along with our proposed rules at Appendix 1.

4.2 Below we set out our rationale for the data we propose to capture in relation to all funds through FRAME reporting, which forms the 'essential' reporting requirements. The enhanced data that we propose capturing in relation to funds with over £500 million NAV, is set out in Chapter 5.

4.3 The form is divided into sections. Each section is designed to be self-contained; this means that each section of the essential requirements is focused on one aspect of the fund's activity or characteristics. There are 7 sections in the essential requirements:

1. General information.
2. Fund Profile and Strategy.
3. Investor Base & Distribution.
4. Performance and flows.
5. Liquidity Profiles.
6. Value at Risk (VaR) (Essential).
7. Counterparty Exposure (Essential).

4.4 All sections in the essential requirements are required of all funds, with two exceptions:

- *VaR (Essential)* is only required of UK UCITS that use VaR to calculate Global Exposure.
- *Counterparty Exposure (Essential)* is only required of funds that use leverage for investment purposes and hedge funds. We set out a definition and calculation for leverage in Chapter 3.

4.5 For UK UCITS and NURS below £500 million NAV, we are exploring whether holdings data can be extracted from annual and interim reports already submitted to us, rather than requiring those funds to report holdings through the FRAME template. Our proposed rules do not require UK UCITS and NURS below £500 million NAV to report their holdings. If our work to extract holdings from annual and interim reports does not provide sufficient accuracy, consistency and coverage, we plan to require all UK UCITS and NURS to report holdings through the FRAME template. A challenge with this approach is that identifiers such as ISINs are not mandatory within annual reports. We set out our proposed approach to collecting holdings in Chapter 5. The remaining parts of this Chapter will set out our rationale for each section in turn.

General Information

4.6 We propose to require some basic information at the start of the form submission process which will dictate the data that firms will be required to provide for their funds, including the status of the fund; for example, whether it is launched, suspended or is submitting its final report. We intend to maintain existing FCA Handbook definitions for these terms.

Fund Profile and Strategy

4.7 The fund's strategy contextualises other data throughout the report. For example, certain levels of leverage may be normal for a multi-strategy hedge fund but concerning for a closed end private equity fund. We propose to ask for three pieces of data in the fund strategy section of the essential requirements: the fund type (eg private equity), the investment strategy (eg equities), and the fund's base currency.

4.8 We propose using multiple choice answers that include a wide range of options, to simplify reporting, give firms choice, and make the data more consistent in analysis. We will have collected this core information when registering or authorising the fund but will seek to reaffirm that what we hold is correct.

4.9 We also propose to ask for the gross notional amount of derivatives and the gross market value of long and short positions in other types of investment. These fields will allow us to identify funds that use derivatives or that borrow. We propose that funds report currency values in their base currency.

Investor base & distribution

4.10 Investor data, when paired with performance, leverage and liquidity data can also show where retail investors are exposed to heightened investment risk. In our essential requirements, we are proposing that firms provide data on the funds they manage that is critical to identifying such risks. For example, investor data can help demonstrate where there is concentration risk, eg where a small number of investors hold a large share of a fund, and it can also show which funds have retail investors. This is why we are proposing to require all funds reporting under FRAME to provide a single percentage showing what proportion of NAV is represented by the fund's biggest investors. This is an existing requirement for AIFs and helps identify concentration risk.

4.11 We are proposing that firms answer two 'yes/no' questions about whether they market to UK investors and whether they have UK retail investors in the fund. We are not proposing a more detailed breakdown of the types of clients for our essential requirements, which, while being useful for us, would not be proportionate to require in our essential reporting on an ongoing basis.

Performance and flows

4.12 A fund's performance provides critical context to all other data points, alongside being a key piece of standalone data. We are proposing that all funds reporting under FRAME will report gross and net returns, which are existing requirements in AIF reporting:

- **Gross returns:** "Gross Investment returns or IRR of the AIF over the reporting period (in %, gross of management and performance fees)".
- **Net returns:** "Net Investment returns or IRR of the AIF over the reporting period (in %, net of management and performance fees)".

4.13 The difference between gross and net returns enables us to understand fees and other costs borne by investors in a fund, which is why we are not proposing additional fees data in our essential requirements. In our proposed FRAME template, we ask that if the fund has multiple share classes, to report these fields for the largest share class by NAV, unless another share class is more representative of the fund's charging structure.

4.14 Consistent with the approach to frequency of reporting set out in Chapter 3, firms would report NAV and performance datapoints within each return in line with the fund's NAV strike frequency, subject to a monthly cap. For example, a fund striking a daily or weekly NAV would report three monthly NAV and performance datapoints within a quarterly return, not daily or weekly data. A fund striking an NAV less frequently than monthly, such as quarterly or annually, would report at that lower frequency.

Liquidity profiles

4.15 Liquidity risk can lead to investors being unable to redeem their investment. We have existing portfolio liquidity reporting requirements for AIFs which distributes the fund's investment portfolio into time buckets, demonstrating how quickly they could reasonably be liquidated without a discount. We have reviewed this requirement and propose including it in our essential requirements, for all funds reporting under FRAME to complete. We are not proposing to require investor liquidity data or data on the use of liquidity management tools as part of the essential requirements, but this data is included in our proposed enhanced requirements for larger funds potentially posing a higher level of systemic risk.

VaR (Essential)

4.16 This section is only completed in respect of UK UCITS that use a value at risk (VaR) methodology to calculate global exposure. Where a UK UCITS uses VaR to measure and manage global exposure, we will collect some data to understand the level of risk to which the fund is exposed. We are proposing to collect the VaR approach, any limit and VaR value. These are existing and defined data points already reported through another filing (FSA042), which we plan to decommission, as set out in Chapter 7. The data we plan to collect would provide an overview of the fund's risk management approach and is consistent with international standards.

4.17 Where a fund is subject to enhanced reporting, it will not need to complete this section. Our proposed enhanced requirements on VaR are set out in the 'Market Risk Sensitivities and Value-at-Risk' section in Chapter 5.

Counterparty Exposure (Essential)

4.18 This section only needs to be completed by managers where their funds use leverage for investment purposes, or for reporting on hedge funds. It is not required for funds that provide enhanced reporting. We consider it important to have a simple view of leverage across the fund population, including smaller funds. A single leveraged smaller fund may not be material on its own, but groups of funds using similar leveraged strategies may be sensitive to the same market shock. In addition, funds below the enhanced reporting threshold may still have significant gross exposures where leverage is used for investment purposes.

4.19 In the fund profile and strategy section we have proposed to collect the gross notional amount of derivatives and the gross market value of long and short positions in cash securities from all funds as a simple indicator of the scale of a fund's outstanding transactions relative to NAV. We propose to collect further information only where a fund is classified as a hedge fund or increases its exposure through borrowing or derivatives used for investment purposes. This approach is consistent with IOSCO's Recommendations for a Framework Assessing Leverage in Investment Funds (2019), which uses simple notional exposure measures as an initial way of identifying funds that may warrant further analysis.

4.20 We propose a single aggregate leverage and financing table. This table would capture the main sources of leverage and financing used by the fund, including borrowing, secured financing, repurchase agreements (repo), prime brokerage and derivatives, together with associated collateral posted. This provides a simple view of how a fund obtains leverage and the extent to which its assets are used to support that activity.

4.21 We propose to align the categories in this table with those to be used in the enhanced counterparty exposure requirements. This allows us to compare data across funds and over time and makes it easier for firms to report where they manage funds both above and below the enhanced reporting threshold, or where a fund moves above that threshold.

Question 6: **Do you agree with our approach to the essential reporting requirements? If not, what would you change, and why?**

Chapter 5

Enhanced Reporting Requirements

5.1 Under our proposed reporting framework, firms will need to report additional data on funds over £500 million NAV. Their larger size presents a higher market integrity risk.

5.2 Our policy aim has been to align the two sets of reporting requirements, with the enhanced requirements building on the essential requirements and using the same or similar language. The enhanced reporting requirements will include all of the data requirements in essential reporting and expand on them, except for the VaR (Essential) and Counterparty Exposure (Essential) sections, which are replaced.

5.3 The enhanced reporting requirements are split into 19 individual sections, as set out in the FRAME template form published alongside this CP. Some sections are only relevant for certain types of funds. Other sections have additional questions for different fund types. As set out in Chapter 3, these requirements do not apply to the operator of any funds marketing under the Overseas Fund Regime (OFR) or section 272 individually recognised funds.

5.4 In two cases, managers and operators are not required to provide reporting for certain products; UK UCITS and NURS are excluded from the Portfolio Exposures and Portfolio Concentrations sections. Private Market funds are excluded from the Market Risk Sensitivities section. The following table summarises which sections are required for different funds.

Table 1: Section breakdown of Enhanced Requirements across fund types

Section	Enhanced Requirements	Additional Questions for Specific Populations
Fund Profile and Strategy	All funds	
Dealing Terms & Investor Rights	All funds	
Investor Base & Distribution	All funds	Authorised funds
Fees	All funds	
Performance and flows	All funds	UK UCITS/NURS
Liquidity	All funds	
Liquidity Management Tools	Only Authorised funds	
Share classes	Only UK UCITS/NURS	
Benchmarks	Only UK UCITS/NURS	
Holdings	Only UK UCITS/NURS	
Portfolio Exposures	All funds except UK UCITS/ NURS	

Section	Enhanced Requirements	Additional Questions for Specific Populations
Market Risk Sensitivities and VaR	All funds except Private Market funds	
Portfolio Concentrations	All funds except UK UCITS/ NURS	
Financing Maturity	Leveraged funds only	
Financing, collateral, margin and derivative exposures – Aggregate and Individual	Leveraged funds only	
Private Markets	All Private Market funds	
Private Equity	Private Equity funds only	
Loan origination funds	Loan origination funds only	

Note on interpreting table using examples: The Investor Base & Distribution section has questions applicable to all funds, and additional questions only for all Authorised funds. The Benchmarks section only has questions for UK UCITS/NURS.

Dealing Terms & Investor Rights

5.5 Dealing terms and investor rights data helps us understand a fund's liquidity profile and the practical terms on which investors can subscribe for and redeem their interests. Information on redemption frequency, notice periods, lock-up and settlement terms, together with any gates, side pockets, suspensions of dealing or other special arrangements, helps us assess:

- whether a fund's dealing terms are consistent with its investment strategy, and
- where the fund investment strategy and liquidity profile could affect investor outcomes or the orderly operation of the fund in stressed conditions.

5.6 With one exception, these data points are carried over into FRAME from existing AIFM reporting. The exception is where we propose to remove our existing data requirements relating to preferential treatment, which relate to a disclosure requirement under FUND 3.2.2 that will be retained only for funds with retail investors. The rule requires firms that offer preferential treatment to an investor to disclose the fact to other investors in the fund. This disclosure is important for investor protection, but we do not think we must receive this information as part of regulatory reporting.

5.7 We also propose to add one new requirement; for fund managers and operators to confirm whether the fund uses distributed ledger technology in relation to its register of unitholders. This follows our Handbook guidance on the use of distributed ledger technology for the operation and maintenance of authorised fund registers in PS26/7. This data would help us monitor the emergence of new fund structures and operating models as the market develops, including cases where distributed ledger technology is used for all unit classes or only some unit classes.

Investor Base & Distribution

5.8 In the essential requirements, firms will provide a high-level view of the investor base through a small number of questions and a simple concentration measure. In the enhanced requirements, we propose to build on this by collecting a more granular breakdown of the investors in a fund.

5.9 In addition to the essential requirements, our enhanced reporting would require managers and operators to report their client types, including the percentage of the fund's NAV that is represented by UK and non-UK clients, retail and professional clients, and, for UK clients, a percentage of per se professional clients and elective professional clients. This data would help us understand what proportion of clients have been opted out of the protections for retail clients. It would also give us greater visibility of where elective professionals may be exposed to higher-risk or more complex products. In CP25/36 on Client categorisation and conflicts of interest, we set out separate proposals on the client categorisation rules, including safeguards and the assessment that may be required to opt a retail client out of their protections. We are aiming to align this aspect of the reporting framework with any changes arising from that consultation.

5.10 By collecting data on the categories of clients invested in a fund, we want to understand the nature of the funds' client base, recognising that the categorisation of clients may not be conducted by the fund manager itself and there may be information gaps. For example, this could happen where a distributor, such as an investment platform, intermediates between the investor and the fund. In this case, the relationship with end investors is indirect and data on client categorisation is held by the platform rather than the fund manager.

5.11 We know that many fund managers will not categorise clients directly but work through distributors. However, from our discussions with the market we are confident that many managers have good visibility on end investors in their fund. Our PROD rules (PROD3.3.30R) already require distributors to provide information on the sales of funds to the fund manager and this is the kind of data that could be helpful in meeting this proposed reporting requirement. It is our understanding that this type of information is shared, but we are interested to understand any challenges in reporting these data points.

5.12 In completing this data, we expect fund managers to take reasonable steps, using the information available to them, to give a broadly accurate picture of the categories of client invested in their funds.

5.13 Firms would also report the proportion (%) of NAV attributable to a wider range of investor types, this data is requested in a separate table to client type data but is relevant. Our current reporting under AIFMD includes this requirement; we propose including it in FRAME reporting to improve our understanding of how different levels of risk are distributed across investors. We propose to expand the investor types that managers and operators can select by including the Open Protocol Enabling Risk Aggregation (OPERA) investor classification. As OPERA is already widely used, this should also support greater alignment with existing industry classification processes.

5.14 In setting any final requirements, we will also take into account feedback to the voluntary client categorisation and certified investor return issued in April of this year to a population of firms undertaking designated investment business.

Question 7: Do you agree with our proposals to collect client categorisation and investor data information in the enhanced reporting requirements, and if not, why?

Fees

5.15 In the enhanced requirements, we propose to collect information on fund fee structures, including management fees, performance fees or carried interest, and details on management or performance fees that are charged on unrealised profits. This data will help us understand how firms are remunerated and how fee structures may interact with fund strategy, valuation, performance and investor outcomes. Where a fund has multiple share classes, we propose that firms report this information for the largest share class by NAV, unless another share class is more representative of the fund's charging structure. Firms reporting for UK UCITS and NURS that complete the Share Classes and Benchmarks sections described below would identify that share class and any benchmarks that apply to it.

Performance and Flows

5.16 We propose to collect data on subscriptions and redemptions alongside NAV, gross returns and net returns. This will allow us to assess fund performance together with changes in fund size and investor activity over the reporting period.

5.17 For hedge funds, we propose to collect monthly performance data, regardless of how often the fund strikes an NAV, which is the current reporting requirement. Return volatility can provide an indication of the level of risk being taken by a fund. Monthly data will allow us to compare performance patterns across hedge funds on a consistent basis, and to assess how hedge funds have performed during periods of market stress or dislocation.

5.18 For UK UCITS and NURS, we propose to collect NAV, subscriptions and redemptions for each valuation point (of NAV) in the reporting period. This will give us a sufficiently granular view of investor flows in authorised open-ended funds. It will also help us identify periods of liquidity stress during the reporting period and assess how subscriptions and redemptions interact with changes in NAV.

Question 8: Do you agree with our approach to performance and flow reporting, particularly with respect to frequency? If not, why?

Liquidity

5.19 Liquidity data is essential to understanding whether a fund can meet redemption requests as they fall due and continue to operate in an orderly way in normal and stressed market conditions. A mismatch between the liquidity of a fund's assets and its redemption terms can create risks of investor harm, including the unfair allocation of liquidity costs between redeeming and remaining investors. It may also contribute to disorderly selling of assets in stressed market conditions.

5.20 We propose to collect data in our enhanced reporting on the proportion of investor equity that could be redeemed within specified time buckets, this data is currently required under our current reporting requirements and will be required under FRAME, including for the reporting of UK UCITS. This data, combined with the portfolio liquidity reporting set out in the essential requirements, will continue to enable us to identify funds that are vulnerable to liquidity mismatch by comparing the liquidity of a fund's assets with the redemption rights offered to investors.

5.21 This approach is consistent with IOSCO's final report on Revised Recommendations for Liquidity Risk Management for Collective Investment Schemes, which emphasises the importance of assessing portfolio liquidity and maintaining consistency between portfolio liquidity and redemption terms. This data will help us identify funds where redemption terms may be difficult to support from the liquidity of the underlying portfolio.

5.22 To assess how a fund could respond to liquidity pressures, we also need to understand what resources it has available. Encumbered assets, such as assets pledged or posted as collateral or margin, may not be available for this purpose. We therefore propose to collect information on unencumbered assets alongside these liquidity profiles.

5.23 Our current reporting requirements collect a single figure for unencumbered cash. We propose two changes to this reporting. First, rather than focusing only on cash, we propose to collect information on unencumbered assets that can reasonably be converted into cash in the fund's base currency within three business days, without significantly changing their market value. Secondly, firms would report these assets by type, distinguishing between cash and cash equivalents; money market funds and cash management CIUs; and other cash-like highly liquid unencumbered assets. This would give us a clearer view of the resources available to a fund in a period of liquidity pressure.

Question 9: **Do you agree that our characterisation of unencumbered highly liquid assets best captures cash and near cash that would be readily available to pay immediate liabilities, such as unexpected redemptions or margin calls?**

Liquidity Management Tools

5.24 For managers or operators of authorised funds subject to enhanced reporting requirements, we plan to collect data on the availability and use of selected liquidity management tools. This would include both quantity-based tools, such as deferral of redemptions, gating and suspensions, and anti-dilution tools, such as dilution adjustment, dilution levies and dual pricing.

5.25 These tools serve different functions, so we propose to measure their use differently. For quantity-based tools, we ask whether the tool is available, the number of activation events during the reporting period, and the number of dealing days on which the tool was in effect. For anti-dilution tools, we ask whether the tool is available and the number of dealing days on which it was applied. This data will help us understand how authorised fund managers are equipped to manage liquidity pressure and how liquidity management tools are used in practice. It will also help us assess how tool use interacts with a fund's liquidity profile, redemption terms and investor flows. We are not proposing to require firms to report detailed quantitative metrics on the calibration or trigger levels of each tool, such as swing factors or dilution levy amounts.

5.26 This proposal is linked to CP25/38 Enhancing Fund Liquidity Risk Management, which sets out our proposed changes to strengthen liquidity risk management for open-ended funds and align our framework with the revised IOSCO recommendations, including requiring operators and managers of UK UCITS and NURS to have anti-dilution tools in place. Under our proposals set out in CP26/28 The UK AIFM Regime, we will require all AIFMs of unauthorised AIFs (except those that are unleveraged, closed-ended) to have a liquidity risk management framework and, where the AIF is open-ended, liquidity management tools.

5.27 In the coming months, we will also consult on proposals for NURS predominantly invested in inherently illiquid assets, such as NURS real estate funds. We will consider the position for other authorised AIFs as part of the follow-up second consultation paper on the regulatory framework for AIFMs.

5.28 The data on liquidity management tools we plan to collect are intended to support supervision of our requirements by providing consistent information on the availability and use of liquidity management tools.

Question 10: With respect to anti-dilution tools, would asking for data on a firm's back-testing of their use be a more proportionate substitute for the quantitative data on their calibration and trigger levels that we have not included?

Share Classes

5.29 We propose to collect share class information from UK UCITS and NURS in the enhanced reporting population. This information is important for retail-oriented authorised funds, where differences in fees, charges, currency or scale between share classes can materially affect investor outcomes.

5.30 We do not think aggregate fund-level information, or information provided only for a representative share class, is sufficiently granular for these purposes. Potential consumer harm can arise in smaller or less representative share classes, even where the whole-fund position appears less concerning. Some share class information may already be provided through authorisation, notification or other processes, but regular reporting would give us a current and consistent view of active share classes across the relevant fund population. We therefore propose to collect a limited set of information for each active share class.

5.31 The proposed share class fields are intended to identify the share class, understand its scale, and capture its main charging features. We propose to collect the share class name, International Securities Identification Number (ISIN) and currency so that the share class can be matched and interpreted consistently. We also propose to collect the last reported NAV for each month in the reporting period, to understand the size and materiality of that class within the fund. Finally, we propose to collect the ongoing charges figure, management fee and whether a performance fee or carried interest applies, as well as whether each share class is the share class used for the Fees section. This should help us identify material differences in scale and charging features across share classes, without requiring detailed performance fee rates, hurdle calculations or other complex charging formulae.

5.32 These fields are closely related to information firms provide to investors on product identity, costs, charges and performance. Some of this information may also be exchanged with distributors through industry templates such as the European MiFID Template.

5.33 In PS25/20: Supporting informed decision making: Final rules for Consumer Composite Investments (CCIs), we finalised a new product information regime for packaged products intended for distribution to UK retail investors, including standardised methodologies for core information disclosures. We propose to align the relevant share class fields, where applicable, with FCA cost and charges disclosure concepts for retail investment products and services, including those currently reflected in DISC and related COBS disclosure requirements. We recognise that not every fund or share class reporting under FRAME will be subject to those requirements in the same way or produce the same information through the same distribution channels. Where a firm already calculates a relevant figure for investor disclosure, we expect the FRAME figure to be reported on the same basis. Otherwise, firms should report the equivalent figure disclosed, or that would be disclosed, to investors for the relevant share class.

Question 11: Do you agree with our approach to share class data reporting, including that these requirements will only apply to UK UCITS and NURS, and our focus on size, performance, value and fees? If not, why?

Benchmarks

5.34 We also propose to collect information on benchmarks used by UK UCITS and NURS in the enhanced reporting population. Benchmark information helps us assess performance in the context in which the fund is presented to investors. It also helps us interpret reported gross and net performance against the relevant reference point, rather than viewing those figures in isolation.

5.35 For each benchmark used by the fund, we propose to collect information that identifies the benchmark and explains how it is used. This would include the benchmark name, its ISIN if available, as well as the benchmark provider name, and the provider LEI where the provider has one. We would also collect the benchmark function and whether the benchmark applies to the share class used for the Fees section.

5.36 We also propose to collect monthly benchmark returns on a fund-by-fund basis, so that reported fund performance can be assessed against the relevant benchmark over the reporting period.

5.37 Benchmark function would be reported using the existing FCA categories of target, constraining and comparator, introduced through PS19/4: Asset Management Market Study – further remedies and reflected in the authorised fund benchmark framework. Where a fund uses more than one benchmark, we propose to collect information on each benchmark. We are not proposing to link benchmarks to individual share classes, as we do not consider the additional reporting complexity proportionate.

Question 12: Do you agree with our approach to benchmark data reporting? If not, why?

Holdings

5.38 Holdings are the individual securities, assets, and financial instruments held within a fund's portfolio, such as shares, bonds, ETFs, and real estate. Holdings information gives us a direct view of portfolio composition. From a supervisory perspective, this can help us understand how a fund takes risk and whether it remains consistent with its investment objective, strategy and liquidity profile.

5.39 Except for MMFs, we do not currently receive regular holdings reporting from funds. Holdings information is an important supervisory tool for understanding fund portfolios. Other European National Competent Authorities collect periodic portfolio or fund reporting from authorised funds, including the Commission de Surveillance du Secteur Financier (CSSF), the Central Bank of Ireland (CBI) and the Autorité des Marchés Financiers (AMF).

5.40 We propose to collect holdings information from UK UCITS and NURS as at the last business day of the reporting period. For these UK authorised retail funds, holdings information is relevant to our supervision of how they are managed and presented to investors, including whether their actual investments are consistent with their stated objectives, strategy and risk profile.

5.41 Holdings data is most useful where individual holdings can be identified consistently and matched to reliable reference and market data. The holdings requirements we propose in the FRAME template form published alongside this consultation paper, would collect the core information needed to identify and interpret each holding. This would include the name of the holding, its ISIN (if available), market value, portfolio weight, quantity, currency, country, asset class and, where relevant, characteristics such as maturity date, coupon, credit rating and sector. We are not proposing to require bespoke reference data beyond information needed to identify and interpret the holding.

5.42 Funds outside UK UCITS and NURS have a wider range of investor bases, strategies and asset profiles, including private or less standardised assets where equivalent identifiers and reference data may be less consistent or less available. We are therefore not proposing to collect holdings from these fund types as part of this return. Instead, the portfolio exposures section below would provide a more proportionate way to understand fund exposures and how those exposures are obtained.

Question 13: Do you agree that managers and operators should only report holdings for UK UCITS and NURS? If not, why?

Portfolio Exposures

5.43 Portfolio exposure data provides a more aggregated view than holdings information. It groups a fund's exposures into categories that share risk characteristics, helping us understand the types of economic change or shock that could affect the fund. Asset classes are broad categories of exposure, such as equity, credit or rates. Sub-asset classes provide further distinctions within those categories, such as residential and commercial real estate, where this is needed to understand differences in risk profile.

5.44 UK UCITS and NURS are excluded from this section because, as explained above, we propose to collect holdings information from these funds.

5.45 Our current reporting collects exposure-related information from AIFs across several tables, including:

- Main Instruments.
- Individual exposures to assets.
- Geographical Focus.
- Principal Exposures.
- Most Important Portfolio Concentrations.
- Principal Markets.

5.46 Under FRAME, we propose to rationalise this reporting. The Portfolio Exposure Matrix would bring together the main exposure information currently collected through the Individual exposures, Geographical Focus and Principal Exposures tables in existing AIFMD reporting. Issuer concentration would be reported separately in the Portfolio Concentrations table described later in this Chapter. We are not proposing to collect market related data through FRAME, as information about activity in relevant markets is available through transaction reporting under UK MiFIR.

5.47 The proposed matrix has two dimensions and would be reported as at the last business day of the reporting period. The first dimension identifies what the fund is exposed to at sub-asset level. The second identifies how that exposure is obtained, such as through a security, derivative, exchange-traded fund (ETF) or investment in another fund.

5.48 In developing the sub-asset classes, we have used existing AIFMD categories where possible and supplemented them where further detail would improve supervisory understanding. Some additions reflect categories used in other reporting regimes. For private assets, including unlisted equities and private credit, we have developed more tailored categories because current AIFMD reporting does not provide enough detail to reflect the growth and variety of these asset classes.

5.49 The way exposure is measured depends on the instrument. For securities, exposure is measured by the market value of the long or short position. For derivatives, market value alone is not enough. A derivative can give a fund exposure to an underlying asset that far exceeds the current value of the contract recorded in its financial statements. We therefore propose to retain notional, or for options delta-adjusted notional, as the main measure of derivative exposure. Delta adjustment scales an option's notional amount by how strongly its value moves with the underlying asset.

5.50 For interest rate derivatives, notional exposure can also be misleading because it does not reflect the maturity or duration of the position. Two interest rate positions with the same notional amount can have different sensitivity to changes in rates. We therefore propose to supplement notional exposure for rates with a 10-year equivalent measure, a standard approach for comparing interest rate exposures with different maturities.

5.51 For rates exposures, the matrix would collect additional detail on currency, geography and maturity. Rates risk can sit at different points on the yield curve, and those points may respond differently to market movements. This can help us identify strategies that take long and short positions at different maturities, such as relative value strategies. For rates derivatives, we propose to collect maturity-bucketed exposures for GBP, EUR and USD, because data currently received shows these are the main currencies in funds' gross currency exposures. The matrix would also distinguish sovereign exposures from rates derivatives, because funds may take rates risk through government debt, such as gilts, or through derivatives referencing rates benchmarks, such as the Sterling Overnight Index Average (SONIA). Other currencies and sovereign markets would be grouped more broadly where further granularity would provide less supervisory value.

5.52 For traded credit exposures, notional exposure can also give an incomplete view of the economic exposure being taken. Credit positions with the same notional amount can have different sensitivity to changes in credit spreads depending on the credit quality of the exposure, its remaining maturity, and the instrument through which that exposure is obtained. For example, a cash corporate bond, a single-name credit default swap (CDS), an index CDS and a CDS option may all reference credit risk, but they do not create identical economic exposures for the fund.

5.53 The credit exposure matrix is therefore more tailored than the general exposure matrix. It would distinguish physical credit positions from single-name CDS, index CDS, CDS options and other credit derivatives, and separately identify exposure obtained through ETFs, externally managed funds and internally managed funds. To supplement this nominal exposure data, and analogously to the 10-year equivalent measure for rates, we also propose to ask firms to express traded credit exposures on a standardised 5-year floating rate note basis, using a 100-basis point spread. This would preserve the data needed to understand the scale, composition and source of the fund's credit exposure, while providing a more comparable measure of credit spread exposure across different traded credit instruments. We recognise that this would be a new reporting requirement, and welcome views on whether it is a practical and proportionate way to standardise traded credit exposure reporting.

Question 14: Do you agree that collecting exposure data by asset class and breaking it down by instrument type, and standardising

rates and credit exposure, is viable for reporting purposes? If not, what alternatives would you propose?

Market Risk Sensitivities and Value at Risk (VaR)

5.54 Holdings and portfolio exposures provide information about what a fund holds or is exposed to. Market risk sensitivities and VaR provide a different view: the estimated effect on the fund if specified market risk factors move, such as equity prices, interest rates, credit spreads, foreign exchange rates, commodity prices, inflation or volatility. VaR, or value-at-risk, is a measure used to estimate the maximum amount that a portfolio could lose over a specified time period, at a specified confidence level.

5.55 We recognise that requiring firms to report detailed netting and hedging relationships could be burdensome. Holdings and portfolio exposure data can help identify how a fund takes market risk, but they do not directly provide the estimated effect of specified market movements on the fund. We therefore propose to collect standardised sensitivities to specified market risk factors. This would help show how overlapping, offsetting or hedged positions affect the fund's response to a market move, without requiring firms to report each individual netting or hedging relationship.

5.56 The market risk sensitivity requirements would apply to all enhanced reporters other than unauthorised AIFs that are private market funds. The market risk factors and shock sizes are set out in the FRAME reporting template published alongside this CP. Firms would report the estimated profit or loss impact on the fund, in the fund's base currency, for each relevant scenario as at the last business day of the reporting period. We would collect these impacts separately for long and short positions, so that offsetting positions do not obscure the scale or direction of risk.

5.57 We propose to distinguish between sensitivities and stresses. For sensitivities, firms would report the estimated impact of a small upward movement in each specified market risk factor. This is intended to show the approximate size of the fund's exposure to that factor after allowing for overlapping, offsetting or hedged positions.

5.58 For stresses, firms would report the estimated impact of both upward and downward movements. Larger moves can reveal effects that are not apparent from a small sensitivity, because the fund's profit or loss may not change proportionately as the market factor moves. The impact may also differ by direction, so that a rise in the market factor does not produce the same effect as an equivalent fall. This behaviour is often referred to as convexity. Collecting both directions would help us understand how the fund may respond to more material market movements.

5.59 For some risk factors, a single aggregate shock would not provide enough information about where the risk sits in the portfolio. For interest rates, we would collect impacts at different maturities because funds may take or hedge risk at different points on the yield curve, and market moves may affect those points differently. This would give us a clearer view of whether a fund is more exposed to movements in short-term rates, longer-term rates or particular parts of the curve.

5.60 We also propose to collect separate sensitivities and stresses for UK rates. For some funds, UK rates exposure may be small relative to their wider rates book but significant in absolute terms. This data would help us identify funds with larger UK rates exposures and prioritise supervisory work where those exposures may be relevant to the proper functioning of UK rates markets.

5.61 For foreign exchange, existing reporting gives information about nominal currency exposures, but this does not show the estimated effect on the fund if exchange rates move. We therefore propose to collect foreign exchange shock impacts for specified currency pairs, focused on the currencies that are most significant in the data we receive. This would give us more useful portfolio-level information on the fund's main foreign exchange risks, without requiring firms to calculate sensitivities for every currency pair exposure in the portfolio.

5.62 We also propose to collect VaR information where a fund regularly calculates VaR. Firms may calculate VaR using different confidence intervals, time horizons, lookback periods and calculation methods. We do not propose to prescribe a single VaR methodology. Instead, we propose to collect the VaR figure and the key features of the calculation. This would help us interpret and compare VaR figures more consistently, while allowing firms to continue using their existing methodologies.

5.63 For UK UCITS that use VaR for global exposure risk management, we propose to collect the same UK UCITS-specific information described in the essential requirements alongside the wider VaR information in this section. This would capture information that is currently reported through FSA042 for UK UCITS, which we propose to retire (see Chapter 7).

Question 15: Does this approach to sensitivities reporting sufficiently capture where fund managers are running market risks?

Portfolio Concentrations

5.64 Holdings and portfolio exposures provide information about what a fund holds or is exposed to. Market risk sensitivities and VaR provide information on the estimated effect of broad market movements on the fund. Portfolio concentration considers a further question: whether a fund could be materially affected by a shock to an exposure that is more specific than, or cuts across, the asset and sub-asset categories reported elsewhere in the return.

5.65 Our current reporting requirements ask for information on a fund's largest individual instruments. This can provide some information about concentration, but it may not show where a fund has material exposure to the same issuer through different instrument types. We therefore propose to collect the five largest issuer concentrations as at the last business day of the reporting period (whether they are short or long). This would not apply to UK UCITS and NURS with enhanced requirements, where we will collect holdings information instead.

5.66 Firms would identify issuer concentrations using the methodology they already apply internally or when reporting to investors, including netting exposures across instrument types where relevant. This would improve our view of single-name concentration risk, without requiring firms to apply a new prescribed methodology.

5.67 We recognise that issuer concentration is only one way of understanding portfolio concentration. Other measures, such as measures based on market depth, liquidity or trading volume, may also provide useful information in some cases. However, prescribing these measures could require firms to monitor or calculate information they do not currently use for regulatory reporting. We are therefore seeking views on whether other concentration metrics would provide materially better information without imposing disproportionate burden.

Question 16: We propose to collect concentrated position data per entity rather than per individual security, should we consider collecting security level concentrations, particularly with respect to the Gilts market?

Financing maturity

5.68 This section is only completed by hedge funds and funds that use leverage for investment purposes and are required to provide enhanced reporting. The information would be reported as at the last business day of the reporting period. We propose to collect information on borrowing and committed financing by type of arrangement and by remaining contractual maturity or commitment period. This would show when financing may need to be renewed, repaid or replaced, and the period for which creditors are contractually committed to provide it.

5.69 This would improve on current Annex IV reporting, which provides a single aggregate figure for borrowing and cash financing available, and a percentage breakdown of that total by maturity. That approach does not distinguish clearly between financing that has already been drawn and financing that remains available to the fund. It also does not distinguish between different sources of financing, such as unsecured borrowing, NAV financing, subscription financing, prime brokerage or repo. We therefore propose to collect actual amounts by financing arrangement and maturity bucket, including committed undrawn facilities. This would help us understand a fund's current borrowing, available financing headroom, and reliance on different sources of financing.

5.70 This maturity profile would complement the portfolio liquidity and investor redemption data collected elsewhere in the return. Read together, this data would help us assess whether a fund could face liquidity pressure from several sources at the same time, for example where short-dated financing, potential investor redemptions and less liquid assets fall into similar time horizons.

Financing, collateral, margin and derivative exposures

5.71 This section is only completed by funds that use leverage for investment purposes and are required to provide enhanced reporting, as well as all unauthorised AIFs defined as hedge funds. The information would be reported as at the last business day of the reporting period. We propose to collect information on financing, collateral, margin and derivative exposures. This is intended to show how funds obtain financing or leverage, what collateral and margin they post or receive, and where those arrangements may create concentrated counterparty or liquidity risks.

5.72 These arrangements can affect funds in different ways. A fund may be affected if financing is reduced, terms are tightened, haircuts increase, margin requirements rise or services are withdrawn. It may also suffer loss or disruption if a counterparty defaults, fails to perform or does not return value owed to the fund. Collateral and margin requirements can also tie up fund assets and create liquidity pressure, particularly if additional margin is required, collateral eligibility changes or collateral values fall.

5.73 We propose to collect aggregate information by main financing type, covering borrowing facilities, prime brokerage, securities financing transactions including repos, and derivatives. Borrowing under a facility, cash received under repo, margin posted to a prime broker and mark-to-market exposure under a derivative do not create identical risks. Reporting by financing type would help us understand the overall scale and composition of the fund's financing, collateral, margin and derivative exposures.

5.74 Derivatives are not typically financing arrangements in the same way as borrowing or securities financing transactions with the exception of total return swaps. However, derivatives can create leverage, counterparty exposure and margin obligations. They may be used to obtain exposure, hedge risks or manage the portfolio, and changes in market value can create variation margin or initial margin requirements. We therefore propose to include derivative exposures within this section, while distinguishing between bilateral and cleared arrangements where this affects the relevant counterparty or clearing relationship.

5.75 Our current reporting requirements collect information on net counterparty credit exposure and aggregate collateral posted to counterparties, but it does not collect initial margin, variation margin or excess margin. We therefore propose to collect these amounts separately. This would help us distinguish collateral posted or pledged as security from margin required to support financing, securities financing or derivative arrangements, and better understand where margin-related liquidity pressure could arise. It may also provide useful context on how counterparties assess the risks of those relationships, while recognising that margin amounts also reflect the terms and structure of the relevant arrangements.

5.76 We recognise that some counterparties operate cross-margining or cross-collateralisation arrangements across more than one product or agreement, for example across prime brokerage, repo and derivatives. Where margin is calculated across products or agreements and cannot be reliably attributed to a single financing type, we do not propose to require firms to estimate or artificially allocate it. Firms would instead report that margin against the counterparty relationship as a whole.

5.77 We propose to collect the same financing, collateral, margin and derivative exposure information at two levels: in aggregate across all counterparties, and individually for selected named relationships. Aggregate reporting would show the overall scale and composition of a fund's exposures. Individual reporting would show whether those exposures are concentrated with particular counterparties or central clearing counterparties (CCPs), and where dependency, counterparty credit exposure or collateral pressure may arise through named relationships.

5.78 Firms would report individual information for the most important bilateral counterparties under two rankings, as well as for CCPs. The first bilateral counterparty ranking would identify the counterparties that support the greatest amount of the fund's financing or leveraged activity. The second would identify the counterparties to which the fund has the greatest net exposure after taking account of collateral or margin. For each counterparty or CCP identified, firms would report the same information as in the aggregate view, together with identifiers such as name, LEI where available, and affiliation with a major financial institution where relevant. This data helps identify risks of highly leveraged and concentrated investment portfolios which can trigger significant losses for counterparties under market stress.

5.79 We do not propose to require a full inventory of all counterparty relationships. The proposed approach is intended to identify the main named relationships, while avoiding large volumes of reporting on less significant exposures. Where exposures are more dispersed, the aggregate information would remain important for understanding the fund's overall financing, collateral, margin and derivative exposures.

Question 17: **Do you agree with our approach to counterparty exposures, and in particular collection of initial amounts (margins) and the use of it in ranking counterparties?**

Question 18: **We are considering whether to capture data on individual information for the top 15 counterparties, rather than the top 5 as currently required in Annex IV. Aside from the increase in the volume of information, what are the challenges (if any), with providing this additional information?**

Question 19: **For both financing maturity and counterparty exposures, how should we best capture Total Return Swaps?**

Event-based reporting (EBR) for hedge funds above £500 million NAV

5.80 In addition to ongoing reporting, we propose to require event-based reporting from managers of hedge funds that are above £500 million NAV. Event-based reporting would allow the FCA to gather critical information in a timely manner when individual funds or the broader market experiences challenges to guide our supervisory and prudential approach, and our work with the Bank to manage systemic risk. To date, event-based reporting has been conducted on a discrete and ad-hoc basis, with FCA supervisors contacting firms bilaterally to discuss their funds and to issue voluntary information requests.

5.81 We know that markets can move quickly, even while funds tend to operate with a relatively consistent risk profile. Our proposals require quarterly reporting with a 45-day lag time for hedge funds; this proportionality of regular reporting needs to be complemented by event-based reporting that delivers critical data when markets move significantly.

5.82 We are proposing a single Event Based Reporting Trigger (EBRT), namely a ten business day holding period return (loss) of -10%. Should a 10% drawdown occur, firms would notify us within 72 hours of the event and provide the following additional pieces of information:

- the current level of unencumbered cash corresponding to the drawdown;
- the proximity and form of the closest performance trigger under counterparty agreements;
- free text setting out both the source of the losses and actions taken by the fund as a result of the losses;
- the firm's latest risk report provided to investors; and
- the most current internal risk report.

5.83 A subset of this information would be provided for the next 5 business days following any such notification.

5.84 We have used the monthly return data currently supplied via AIFMD since 2019 as a proxy for a 10-day drawdown. This data indicates that by setting the trigger at 10% we would receive an average of 2.3 EBRs per month. We considered a range of other EBRTs such as significant margin calls, operational events and counterparty issues. With operational events already covered under SUP 15.3, in our view all other events either stem from losses or become less significant in the event they are not accompanied by losses.

5.85 The additional information will enable us to target supervision and resource accordingly and reduce the need for further information requests to unaffected firms. We will continue to liaise with firms bilaterally and request any supplementary data necessary to enable supervision during times of market stress.

5.86 Event based reporting would not impact firms' ongoing general notification requirements under SUP 15.3, including (but not limited to) notifications from firms in relation to matters having a serious regulatory impact and notifications regarding breaches of rules and other requirements. We are considering various methods to enable firms to provide EBR simply and quickly.

Question 20: **Do you agree with our proposed approach to event-based reporting with a single trigger? If not, why not? If you disagree with the EBRT or the data we propose collecting, please suggest alternative EBRT and data requirements.**

Chapter 6

Private Market Fund Reporting

6.1 Since the inception of the AIFMD and Annex IV transparency reporting requirements, capital flows to private markets funds have increased significantly. This market trend is represented by the Mansion House Accord and the commitment of the UK's largest pension schemes to invest 5% of their default funds in UK private markets.

6.2 As markets evolve, regulatory reporting requirements should evolve with them. Our current reporting requirements capture useful information on certain fund types, such as hedge funds, but are less tailored to funds that have become increasingly prominent, such as private equity and loan origination funds. Where there is less precedent for reporting, for example when it comes to loan origination, we are proposing a range of potential data points we would like to collect under our enhanced reporting only, whilst recognising that continued close engagement with industry will be required to refine this section of the reporting framework.

6.3 For funds above £500 million NAV subject to enhanced reporting requirements, the fund manager will select a classification of their fund either when a new fund is registered, or by notifying the FCA for existing funds. This will be a descriptive classification (e.g. private equity) as set out Chapter 4, rather than regulatory classification (e.g. unauthorised AIF). Funds over £500m NAV that are classified as a private market, private equity or loan origination fund will be required to complete private market reporting. This means that firms will select classifications supported by the definitions provided in our proposed rules at Appendix 1 and will be subject to additional requirements based on their selection.

Valuations (all private market funds)

6.4 In their reforms to the UK AIFMR, HMT propose to remove the legislative concept of an external valuer and with it the concept of strict liability for the valuation performed. Our rules in CP26/28 The UK AIFM Regime set requirements for an authorised AIFM to have valuation policies and procedures.

6.5 Through our data reporting on private markets, we want to understand which funds are using third party valuers to value their assets, which is an aspect of good practice as set out in our thematic review on private market valuation practices. Our proposals require information about whether the fund uses third party valuers, how often they are used, and whether the entire portfolio has been valued by a third party valuer.

6.6 Our approach to collecting valuation data is to use simple questions with yes or no, and multiple-choice answers, to get a simple view of how managers value their assets in each fund. We propose collecting valuation data at a portfolio level based on the manager's valuation methodology, policy, and procedure, rather than on an asset-by-asset basis. This approach enables effective supervision of valuation practices in a proportionate way.

Question 21: Do you agree with our approach to collecting data on private market valuation practices? If not, why?

Loan Origination

6.7 In our development of reporting requirements for loan origination funds, we have considered the Financial Stability Board's (FSB) Report on Vulnerabilities in Private Credit, and made use of relevant terms and metrics to loan origination, whilst aiming to maintain a proportionate approach to designing our proposed requirements. We have engaged closely with industry, including firms and trade bodies, to identify data that helps us identify market risk and is already produced by firms; for example, for internal or investor reporting purposes. We are interested to hear from respondents as to whether alternative data is more readily available or more pertinent to managing risk.

6.8 We provide a definition of loan origination in our proposed rules at Appendix 1, which is aligned to the existing European Securities and Markets Authority (ESMA) definition, such as where a fund is the original lender or grants loans through a third party.

6.9 We also include the definition of a loan originating fund in our proposed rules, for the purposes of our proposed reporting framework, which would be any fund, including an authorised fund:

- **i.** that has an investment strategy that is mainly based on the use of originated loans; or
- **ii.** where the fund has originated loans that have a notional value that represents at least 50% of the fund's NAV.

6.10 We will ask firms to specify if they are a loan origination fund in the general information section of the form according to the definition provided in our proposed rules. If a fund meets the definition, the fund manager would confirm this and complete the loan origination fund reporting module in the form. The data reporting requirements we propose in the FRAME template form published alongside this CP seek to understand the fund activity, primary markets, impacts of stress, and the quality of loans, all of which are pertinent to loan origination funds.

6.11 We recognise that there is a wider private credit market including syndication, secondaries and other strategies, of which loan origination funds are a part. Our reporting focuses on loan origination fund managers, who make primary credit risk decisions.

6.12 We welcome feedback from firms on our proposed approach to defining loan origination and loan origination funds. We specifically want to ensure that funds which originate loans provide relevant private markets and loan origination reporting.

Question 22: Do you agree with our approach to defining which funds should complete private markets and loan origination reporting based on whether they originate loans? If not, why, and what alternatives should we consider?

6.13 **Quality of loans, stress and definitions:** The quality of loans originated by funds is a primary determinant of investor outcomes, and some investors have seen poor outcomes with funds limiting redemptions due to stress. Loans in non-accrual, capital stack seniority (first or second lien), weighted average spread (WAS), average life of loans in the portfolio, significant amendments to loan documentation, and covenant defaults are all data points that contribute to an expression of the quality of a loan book and how it performs under stress. We plan to capture data in these areas at the portfolio level, as set out in the template form, and we are proposing the following definitions for relevant terms in our draft rules:

- Loan-to-value: the loan amount divided by the asset value multiplied by 100, given as a percentage.
- Non-accrual: a loan is classified as non-accrual when it is 90 days past overdue on its interest payment, or other payment due in return for lending.
- Lien: a claim on collateral. The first lien is the first claim on collateral; the second lien is the second claim and so on.
- Spread: the interest rate or premium charged by the lender over a floating benchmark (eg Secured Overnight Financing Rate – SOFR).
- Average life of loans in the portfolio: the average length of time that a loan is held in the portfolio before it reaches a resolution such as full repayment, sale or default.
- Significant amendments to loan documentation: non-grammatical amendments to a document that sets any kind of lending term between multiple parties, resulting in a change of previously agreed terms.
- Covenant defaults: when a borrower violates a contractual agreement in their loan agreement including but not limited to failing on a financial metric.
- Unrecoverable: when a loan is written off by the lender when methods of recovery are exhausted.

6.14 The loan origination reporting section of our enhanced reporting will enable us to follow the lifecycle of poorly performing loan books, from non-accrual to becoming unrecoverable.

6.15 We propose collecting data on these areas as part of the FRAME, and we welcome feedback, particularly from loan origination fund managers on which data points above relevant to loan quality are already available through internal or investor reporting, and which are not.

Question 23: **Do you agree with our approach to collecting data on loan quality and stress? If not, why?**

Question 24: **Do you agree with our approach to focus our requirements on portfolio data? If not, which alternative metrics would you propose?**

Private Equity

6.16 HMT is consulting on decommissioning certain notification requirements, including the requirements currently set out in regulation 38(1) of The Alternative Fund Managers Regulations 2013, which requires funds to notify the FCA of their voting rights as they increase or decrease past certain thresholds. The Treasury is also consulting on removing the FCA from the list of parties to be notified of an AIF's control of a non-listed company in regulation 38(2).

6.17 Private equity firms subject to AIFMD already report the dominant influences of their funds, where they meet the relevant criteria set out in section 1162 of the Companies Act which takes into account multiple aspects of influence including contractual, structural and voting rights. If a fund meets any one of the following criteria, it is deemed to have dominant influence over a company:

- The fund owns more than half of the voting rights
- The fund can appoint or remove most of the board
- The company's articles of association provide the contractual right to the fund to exercise dominant influence
- A formal contract outside the company gives the fund the right to exercise dominant influence
- The fund controls a majority of votes through an agreement with other shareholders

6.18 Our proposed rules in Appendix 1 refine the existing dominant influences data we already collect, by ensuring that managers only provide this data for private equity funds, and by focussing the requirement on UK companies with a direct relationship to the fund (including through special purpose vehicles or third parties on behalf of the fund) exclusively. We plan to require a Companies House company number for each company listed as a dominant influence. Managers and operators would not need to provide dominant influence data for non-UK companies.

6.19 The Bank and FCA agree that keeping dominant influences fields and requesting relevant Companies House identifiers will allow relevant authorities to link private equity funds to the UK corporates over which they have material influence. This will enable authorities to better monitor key potential vulnerabilities such as the use and level of "leverage-on-leverage" and assess the relative profile of, and benefits and/or risks associated with, private equity funding of the UK real economy.

6.20 We are also proposing that private equity funds provide three additional performance metrics, which we believe from our ongoing engagement with firms, are conventional, typical and often reported to investors. These metrics are net and gross internal rate of return accounting for leverage, and a multiple on invested capital (MOIC). These data points provide a clearer picture of a fund's performance than a headline returns figure. Firms may want to refer to the Handbook guidance in our proposed rules regarding flexible calculation methodologies where they report numbers such as these.

Question 25: **Do you agree with our approach to dominant influences reporting for private equity funds? If not, why?**

Question 26: **Do you agree with our approach to performance data reporting for private equity funds? If not, why?**

Chapter 7

Other Changes to Reporting Requirements

7.1 In this Chapter, we set out wider changes to our fund reporting requirements, including the decommissioning of existing reporting requirements, and impacts on different fund and fund manager populations.

Decommissioning existing reporting/filing obligations

7.2 This consultation proposes to introduce periodic reporting requirements which would replicate the information obtained through assessing changes to a fund's product summary. We are therefore consulting on whether to also remove the requirement (DISC 3.5.1R) for firms to file product summaries with the FCA. We will continue to ask firms about their consumer disclosures as part of our fund authorisation processes.

7.3 We propose decommissioning FSA042, a report for UK UCITS focussed on derivatives, as we will gather relevant UK UCITS derivatives data through the FRAME.

7.4 We also propose removing AIF001, as relevant essential data will be captured under the FRAME; for example, fund jurisdiction, currency, and market. AIF002 will be also replaced with the FRAME.

7.5 We will consult separately on removing the MIF008 reporting requirement for MIFIDPRU firms. The data being collected through the FRAME in previous Chapters contributes to our ability to make this revocation.

7.6 There are notification requirements that also become obsolete due to the data captured through the FRAME including, for example, the requirement to update the FCA when certain voting rights are acquired over a company. Removing notification requirements such as this requires legislative changes which are subject to consultation by the Treasury.

Investment Trusts

7.7 Many AIFs are closed-ended investment companies. This includes investment trusts, real estate investment trusts, and venture capital trusts. They are admitted to trading on UK regulated markets and are subject to a comprehensive regulatory framework. CP26/28 The UK AIFM Regime sets out the current regulatory framework and planned changes to it, including that HMT is consulting on exempting certain internally managed investment companies from needing to be authorised or registered with the FCA.

7.8 Closed-ended investment companies that are AIFs are currently required to report under AIFMD reporting requirements. AIFMs commonly report data to us on a quarterly basis. We propose a significant reduction in reporting for these companies, both in terms of the amount of data they report and the frequency of reporting. Those AIFMs below £500 million NAV that are outside of HMT's proposed exemption would complete the essential reporting template for unauthorised AIFs on an annual basis. Those above £500 million NAV would provide enhanced reporting, but again on an annual basis. We are interested to hear from these firms how our proposals would impact them.

MiFID investment firms, including Collective Portfolio Management Investment firms

7.9 MiFID investment firms, including CPMI firms operating in the sector already report some detail about their MiFID investment activities, services and business model under the Investment Firms Prudential Regime. Relevant firms also provide transaction reporting and complete the semi-annual FSA038 report.

7.10 Given the size and importance of these firms to the sector and the wider economy, we would like to gather some more detail about their activities and client base. However, many MiFID investment firms that undertake discretionary investment management or advisory activity do not operate in the asset management and alternatives sector. To define the asset management and advisory firms that would be required to complete the new return, we have drafted a new definition of a 'segregated portfolio manager or adviser' in our draft rules in Appendix 1. This definition seeks to include asset managers and advisers that predominantly manage and/or advise portfolios for clients, broadly where those clients are fund managers, certain types of fund, insurers or their agents.

7.11 We are proposing a standalone, concise, annual report to be completed by MiFID investment firms, including CPMI firms that are segregated portfolio managers or advisers. Unlike the FRAME reporting set out in earlier Chapters which requires data on a fund-by-fund basis, this standalone report requires data at a firm level. A template of the proposed MiFID report has been published alongside this consultation paper.

7.12 The first section of the proposed report a requires an aggregate figure for the gross notional amount of derivatives and the gross market value of long and short positions in other investments. This would enable us to identify the scale of derivative use and borrowing by a firm. Firms would also provide FUM for any fund that managed by an overseas AIFM or an overseas operator of a fund and that is not marketed in the UK. This will give us a picture of funds delegated to the UK but marketed outside the UK.

7.13 A second section requires a breakdown of FUM (derived from the figure reported in the most recent FSA038) by client type, including a breakdown of those clients as UK clients and non-UK clients. The FUM figure would exclude any funds managed under delegation from clients (e.g. UCITS, AIFs, CIS). This will help us understand the global nature of firms' businesses, which is an important aspect of this critical sector. It will provide visibility on the extent of activity undertaken for various client types; for instance, it will give us an insight into size of UK pension portfolios managed by individual firms and by the sector overall.

7.14 A third section requires a break-down of the value of any assets advised on across fund types and portfolios. We would be interested to hear from impacted firms how these proposals affect them, including any comments on the definition of segregated portfolio manager/adviser.

Money Market Funds (MMFs)

7.15 Money Market Funds (MMFs) may be either UK UCITS or AIFs and have additional reporting requirements that are currently set out in UK MMFR. We are not consulting on MMF reporting proposals in this CP. Working with the Treasury and the Bank, we previously consulted on reforms to UK MMF Regulation in CP23/28 Updating the regime for Money Market Funds, and new legislation and FCA rules and guidance are expected to be in place by the end of 2026.

7.16 We intend to consult this year on integrating MMF reporting with that of other fund types and using the same platform as all other funds. We will seek to rationalise these reporting requirements to prevent duplication with existing AIF and UK UCITS requirements.

Non-AIF / Residual Collective Investment Schemes

7.17 Some Collective Investment Schemes (CIS) are neither UK UCITS nor AIFs. Operators of these schemes do not currently report information to us about these schemes. We carried out a survey on a sample of these schemes and based on the data we collected, we understand that many of these schemes act as vehicles for distributing performance fees. Because of this, we do not consider reporting on each individual scheme to be proportionate. Some aggregated reporting by the operator will allow us to identify risks to our objectives, particularly where vehicles may be classified as CIS inappropriately.

7.18 Our proposed rules require firms that hold the permission of establishing, operating, or winding up a CIS to complete a short form on annual basis with a 120-day lag time to prepare the report. Our proposed form has been published alongside this consultation paper, which requires data on the number of schemes run by the operator, the purpose of those schemes, as well as the gross notional amount of derivatives and the gross market value of long and short positions in cash securities. According to our data, approximately 400 firms currently hold the CIS permission and would be required to report. Firms with the relevant permission that are not managing or operating a CIS will not be required to report and could instead be able to submit a 'nil return'. In these instances, firms should have regard their obligation to regularly review regulatory permissions to ensure they accurately reflect their current business activities and removed where they are not needed.

Question 27: **Do you agree with our proposals to require an annual report from CIS operators? If not, why?**

Chapter 8

Reporting Functionality & User Experience

8.1 This consultation paper sets out our proposals for the data that firms may report for their funds under FRAME. The functionality of the reporting template and the user experience are critical to ensuring accurate data collection and minimising the burden on firms when it comes to reporting. We know from ongoing engagement with asset managers that our current reporting functionality has some advantages; for example, the ability for firms to fix a single error in a form after uploading an XML file. We are aiming to preserve the strengths of our current functionality and address the weaknesses.

Prototype forms, testing, and submission meth

8.2 After this consultation closes, and before the publication of a policy statement and final rules, we will produce a prototype form for firms to test on a voluntary basis. The prototype form will enable firms to get a practical understanding of how the new reporting regime might work for themselves and their fund administrators, before final requirements and rules are published. Ensuring that this prototype form is informed by the feedback we receive to this consultation will allow us to refine the data we seek to capture and give firms a better-adjusted example of FRAME.

8.3 The prototype form will help to identify where the format or structure of the data required is practical to provide, and where it is not. It will also allow us to gauge the resources required by firms to complete the reporting, and whether the requirements have been developed in a proportionate way. We have deployed prototype forms before, and for FRAME, we plan to create a voluntary, flexible form which tests and iterates the FRAME form, in advance of reporting rules taking effect and the new reporting regime commencing.

8.4 In Chapter 1 we set out our intended timeline for a policy statement, final rules, and implementation of the new reporting regime. We aim to deliver the new regime as soon as possible whilst ensuring that firms have the necessary time to prepare.

8.5 There are certain elements of reporting functionality we are considering now, including the method of reporting. We know that a large proportion of firms exclusively rely on either the XML upload functionality (40% of firms) or the online form (35% of firms) to complete current Annex IV submissions, with the remainder of firms using a combination of both (24% of firms).

8.6 XML files allow firms with multiple funds to compile all their reporting in a single file with a single upload to the FCA. This submission method also allows firms with multiple funds to save time by extracting and transforming their own data without the need to manually enter a large volume of data in an online form. We want to protect this efficient functionality. Our current proposal is to maintain the online form and XML upload submission options for all reporters under the new framework.

8.7 We are also exploring an alternative option, where the online form submission option is only available for the essential reporting requirements, meaning that an XML upload is the only method of upload available for managers submitting enhanced reporting. The more complex and detailed nature of the enhanced reporting requirements are not natively well suited to an online form and may represent challenges in creating a usable and accessible experience for users. It is also not clear how many firms would wish to make use of the online form submission function when submitting 'enhanced' reporting requirements for their funds.

Question 28: **Should online form and XML upload submission options be maintained for both the essential and enhanced reporting requirements under the new framework?**

Question 29: **Is having XML upload only submission functionality sufficient for the enhanced reporting requirements under the new proposed framework?**

When to start reporting

8.8 The current technical guidance for Annex IV provides a guideline for managers to interpret:

- "AIFMs should start reporting as from the first day of the following quarter after they have information to report until the end of the first reporting period. For example, an AIFM subject to half-yearly reporting obligations that has information to report as from 15 February would start reporting information as from 1 April to 30 June." (Annex IV, Technical Guidance)

8.9 Whilst this guidance is helpful, we propose defining when a firm should begin reporting for an AIF it manages in Handbook guidance. We propose using market practice as the criteria for when a fund should start reporting:

- First acceptance of external capital (first closing for a closed-ended fund; first subscription for an open-ended fund); or
- First investment decision taken on behalf of the AIF.

8.10 For authorised funds (UK UCITS and Authorised Unit Trusts (AUTs)/ Authorised Contractual Schemes (ACSs)), the inception date is typically the date on which the FCA issues the authorisation order under FSMA 2000 section 243 or section 261D. Disclosure obligations (prospectus, KIID/KID, CCI product summaries) must be in place before the fund is marketed or units are sold. Ongoing periodic reporting obligations (annual and half-yearly reports under COLL 4.5) then run from the fund's accounting reference date, which is set at launch.

8.11 After a fund has been registered or authorised, and before the fund begins reporting data to us, we will allow funds to submit a nil return through our systems.

Question 30: Do you agree with our proposed definition of when a fund should start reporting?

Reporting on the last business day of the period

8.12 We are proposing that firms should typically provide figures at the close of the last business day of the reporting period where possible as convention. Where we depart from this convention, we have set this out in relevant chapters of this CP.

Time to implement reporting

8.13 As set out in Chapter 1, we recognise that firms will require sufficient time to implement changes to their systems to enact the new framework. We welcome firms' feedback, based on the proposals set out in this consultation paper, on how much time would be needed from the date of publication of a policy statement with final rules, to commencing the rules. We will implement our proposed new reporting regime at the nearest chance, and we are considering different ways to accelerate this work, including an iterative approach which would introduce essential reporting for managers of funds under £500 million NAV before the end of 2027. We aim to have the complete reporting regime in place in 2028.

Question 31: How much time, in months (e.g. 6, 12, 18. 24) would you require to operationalise the reporting requirements set out in this consultation paper, from the date of a policy statement and final rules being published?

General information and 'Guided Entry'

8.14 Different types and sizes of funds will have different reporting requirements. When firms go to report, we intend to include some basic questions about their fund types and size at the start of the submission process; this may be referred to as a 'guided entry', but we have used 'general information' as the name of this section in the form itself. The answers to these questions will generate the sections of the form that firms are required to complete for each of their funds. An example question would be: "Does this fund use leverage for investment purposes?". This would unlock the counterparty exposure reporting section. We provide definitions for the relevant terms in our proposed rules at

Appendix 1. This approach is being taken to reduce burden on firms, where is it possible to do so, by only showing relevant sections for completion..

Branching

8.15 Further to the 'guided entry' described above, the reporting requirements for different types and sizes of funds may differ within individual reporting sections. The answers given to guided entry questions will determine whether, and which, further questions must be completed. We provide definitions for any relevant terms alongside the questions, drawing on those set out in our proposed rules at Appendix 1. This approach is being taken to reduce burden on firms, where is it possible to do so, by only showing relevant questions for completion.

Mandatory fields by default

8.16 We intend to make fields mandatory by default with few exceptions. At present, our reporting requires firms to read the template, ascertain which sections are relevant to them and report the sections relevant to them on a case-by-case basis. By setting reporting requirements by the size and type of fund, the requirements are pre-determined and relevant. By making fields mandatory, the data we collect is more consistent, comparable and useful in analysis.

Chapter 9

Fund Authorisation, Registration and Change Processes

9.1 This Chapter sets out the changes we propose to make to our processes when funds seek authorisation, register, or make notifications to us in relation to changes, to support the objectives of the FRAME programme.

9.2 We currently take decisions on applications received from managers of UK authorised funds. We also receive applications and notifications from managers of unauthorised AIF's, recognition applications in respect of funds domiciled overseas and notifications from firms that wish to market their funds in the UK under the National Private Placement Regime.

9.3 A key objective for FRAME is to make more consistent and effective use of the data we collect through fund authorisation, registration, ongoing reporting and change notification processes. This will help reduce duplication for firms by removing the need to submit similar information through multiple channels.

Moving Existing Submission Processes Online

9.4 In the long term, making better use of this data will require fund authorisation, registration and change submissions, which are currently emailed to the Fund Authorisations Team, to be made through digital forms that capture structured information about funds in a secure and scalable way. We are rolling out an online submission system in stages and expect to complete the rollout of digital forms for all applications by 2028, though we will provide more granular information about the release of any new forms in due course.

9.5 As a first step, we will move the submission route for certain applications and notifications received from fund managers from email to Gateway, the FCA's new online system for submitting applications and notifications. We anticipate this commencing later this year. This first phase is not expected to involve significant changes to the content of authorisation applications or notifications, though firms should expect to interact more with the FCA through our digital portal rather than traditional email channels.

9.6 For UK AIFMs, the current application and notification forms are specified in the Handbook and include references to email submission. To support this first phase of work, we propose to amend our current forms used by certain Alternative Investment Fund Managers (AIFMs) to reflect use of a digital submission portal. This specifically impacts:

- the AIFMD new fund under management form (SUP 15 Annex 6AR) which applies to full-scope UK AIFMs, small authorised UK AIFMs and small property UK AIFMs (small, registered UK AIFMs registered in accordance with regulation 10(3) of the UK AIFM Regulations 2013);

- the AIFMD material change form which applies only to full-scope UK AIFMs (SUP 15 Annex 6CR);
- the notice of sub-threshold AIFMs exceeding the AUM threshold on a temporary or permanent basis (SUP 15 Annex 6DR);
- the forms which are submitted by SEF and RVECA managers to register, market, and make ongoing changes to these funds (SUP 15 Annex 6FG); and
- the form which allows full-scope AIFMs to notify the FCA of changes to delegation arrangements in FUND 3 Annex 2.

9.7 We propose to amend these forms, and the relevant rules in SUP 15, to require firms to submit them through an appropriate FCA online system rather than by email or post.

9.8 We will also be amending the direction in COLL 2.1.4D to align with the wording in the AIFMD forms. Applicants will be required to make their fund authorisation applications through the FCA online system. For transparency, we have included the proposed change to COLL in the draft instrument appended to this CP. However, there is no formal requirement to consult on this change and we anticipate it will come into effect in Q4 2026.

9.9 The required data and other content of the forms themselves will not be amended in the first phase of work, which is expected to run for the remainder of 2026.

9.10 We will make detailed user guidance available in the coming weeks, which will include information about how firms will be able to access the system, as changes may be needed to firms' internal processes. Firms should expect us to provide a similar level of detail as we did for the Connect system which is currently used by funds subject to the Overseas Funds Regime.

9.11 Funds accessing the UK market via the Overseas Funds Regime or the National Private Placement Regime already submit their applications and notifications via the FCA's Connect system. We anticipate that these applications and notifications will eventually migrate to the Gateway system, but this is likely to take place after work on other application and notification types has been completed.

9.12 Given the relatively minor nature of the changes we are consulting on to support the first phase of work, we are asking firms to provide a response on those points in a shortened timeline, so that we can progress work on digitalisation in an expedited manner. **We invite views and responses to the proposals in paragraphs 9.4 to 9.11 by 31 August 2026 by email to** UKCIS@fca.org.uk.

Question 32: **Do you have any comments on our proposal to require firms to submit the AIFMD forms and notifications set out above online rather than by post or email?**

Handbook Approach to Digital Forms

9.13 The first digital forms are expected to be used by fund managers to notify the FCA of new funds under management and material changes to those funds.

9.14 By modernising these forms, we will ensure that modern methods of submission are in place to support our wider AIFMD reform objectives to make the regime more predictable and proportionate.

9.15 With the move to digital submissions, it is no longer practical for us to include the exact form as an Annex to the Handbook. Preserving flexibility in the precise form of submission helps us to future-proof the new Gateway and make changes in response to user feedback on an ongoing basis.

9.16 Instead, we propose new rules in our SUP Handbook at Appendix 2, to outline the type of information that AIFMs will be expected to provide. The rules outline the core items of standing data that we need to maintain accurate records and reporting schedules, as well as critical areas where AIFs may pose significant risks to market integrity or to consumers.

9.17 Capturing this information through structured digital forms should reduce duplicative ongoing reporting by AIFMs, support the use of Gateway data as a core source of fund information, and help us process notifications more quickly where AIFs pose minimal risks to our objectives.

Using Gateway Data Across the Fund Lifecycle

9.18 The move to digital forms also supports our wider approach to collecting and maintaining fund data across the fund lifecycle.

9.19 Under the FRAME programme, fund authorisation, registration, and change processes will remain important mechanisms for the FCA to meet its operational objectives. We will continue to scrutinise submissions from firms in a way that is proportionate to the harm they may pose to consumers or market integrity.

9.20 By improving the FCA's use of data, our decisions will in future be informed by a wider range of information, including insights from new ongoing reporting. We expect that this will result in a process which is more predictable and proportionate for firms, while continuing to deliver high standards of consumer protection. For example, we introduced an online application process for funds applying to the FCA to be recognised under the Overseas Funds Regime, asking for a broader range of data points as part of that application. We have received positive feedback from overseas operators on the process and while we have two months to take decisions on these applications, as at the end of May 2026, our average time to reach a decision on these applications was 3 weeks.

9.21 As a general working principle, where information about a fund is relatively stable or changes infrequently, we consider it more proportionate to collect it when the fund is authorised or registered, and to update it through notifications where it changes, rather than require firms to report it repeatedly through ongoing FRAME returns. For example, information about the appointment of a new manager is likely to be better captured through a change notification than through regular ongoing reporting.

9.22 The fund authorisation, registration and change processes will therefore become a critical channel for the FCA to maintain its core dataset for funds. Using streamlined digital forms, we will make it as easy as possible for firms to notify changes to core fund details, identifiers and the parties involved in operating or managing a fund. This is required for us to schedule the correct reporting for firms on an ongoing basis. Data accuracy is very important; as a result, firms will need to ensure they are meeting their obligations and making the required notifications to the FCA. We are exploring methods to make clear what standing data the FCA currently holds about a fund, including whether this data can be made available alongside ongoing reporting.

9.23 Full information on data collection at the fund authorisations gateway, including user guides, and practical help will be published before any new forms are released. We also intend to provide a more detailed roadmap of the proposed changes in the coming weeks.

9.24 Below, we set out some of the additional information we are likely to expect to receive from firms which we already collect in some circumstances, focusing on areas where these notifications could look different from today. This is not an exhaustive list.

Dealing terms

9.25 Dealing terms are critical to investors and have implications for the liquidity of funds. At our fund authorisations gateway, we plan to ask for simple information about the redemption terms of funds, including whether they are open-ended or closed-ended, and the fund's redemption frequency.

9.26 We recognise that there are mechanisms, such as share buybacks, which a closed-ended fund can use at its discretion to allow investors to redeem their investments. Our ongoing reporting requirements are focused on the redemption terms a fund is obligated to meet for its investors, rather than the redemptions that are possible at the discretion of the fund's management, boards or committees.

9.27 Where a fund proposes to change its dealing terms on a permanent basis, we will be asking firms to notify us of this. This will help us to ensure that reporting questions around redemptions are asked only to relevant funds.

Delegation

9.28 Delegation is a core feature of asset management which allows funds to access global expertise and operate efficiently, while remaining subject to regulatory oversight. Identifying the entities to which key functions are delegated, the nature of those arrangements, and when they are in place allows us to better understand the asset management landscape.

9.29 Requirements to notify the FCA of delegation arrangements already exist, but they differ across fund populations. UK AIFMs must currently notify the FCA in advance of delegation arrangements under FUND 3.10.2R, using a prescribed form, while UK UCITS management companies must inform the FCA under SUP 15.8.6R, but without a standardised method of submission. Overseas UCITS recognised under the Overseas Funds Regime provide similar information through a dedicated change notification process, whereas overseas AIFs marketing in the UK under the NPPR are not subject to equivalent requirements.

9.30 We propose to establish a single, consistent approach for firms to provide delegation information across all funds in scope of FRAME, building on the existing fund authorisation process used for overseas funds. Firms would provide a limited set of structured information for each delegation arrangement, including the identity of the delegate (using a Legal Entity Identifier), the type of delegation, and the start and end dates of the arrangement, and update this where arrangements change.

Legal Entity Identifiers

9.31 A Legal Entity Identifier (LEI) is a unique identifier for persons that are legal entities or structures including companies, charities and trusts. The obligation for legal entities or structures to obtain an LEI was endorsed by the G20, the leaders of the 20 largest economies (FCA, 2016). When an LEI code is allocated to an entity, the code is included in a global data system. This enables every legal entity or structure that is a party to a relevant financial transaction to be identified in any jurisdiction.

9.32 The requirements to have an LEI under UK MIFIR transaction reporting rules mean that a significant number of funds already have one. Combining the data the FCA receives from MIFID transaction reporting with fund reporting data will give us a richer, clearer, and more dynamic view of UK financial markets as part of our aim to become a smarter regulator. LEIs enable more than just sophisticated data enrichment for the UK; they enable regulators internationally to connect their data, which is a key step towards greater alignment and coherence for firms who are supervised by more than one regulator across their business.

9.33 LEIs are relatively simple to acquire via a Local Operating Unit (LOU) which can be found by consulting the Global Legal Entity Identifier Foundation (GLEIF) or searching for LEI providers directly. LEIs typically cost less than £100 to acquire and renew each year, and they can be issued in minutes.

9.34 Given the benefits of collecting LEIs set out above, our aim is to capture LEIs as consistently as possible across the main entities involved in operating and managing a fund.

9.35 Our proposed rules in Appendix 2 require that all authorised firms managing an existing authorised or registered fund, or that wish to do so in future, must clearly identify the parties that have responsibility for the fund's management and the depositary. These entities include:

- Fund Manager.
- Fund.

- Depositary.
- Delegate Investment Manager.
- Delegate Risk Manager.

9.36 Collecting the LEI of these entities would achieve the benefits we set out, meet international standards, and automate more of our fund authorisation gateway and reporting processes. This is why we plan to require all UK fund operators and managers to provide an LEI for each of these entities. Our proposed rules do not require an LEI with a specific registration status, which means that once an entity has an LEI, it would not need to be renewed annually. For all non-UK fund operators and managers, we plan to require an LEI where they are available. If LEIs are not available, we propose that firms may be asked to contact our fund authorisations team so that we can clearly establish the identity of the entity and fund managers may be charged an additional fee in such cases.

9.37 We are interested to hear from respondents how much additional preparatory time would be required from the date we publish final rules, to have LEIs in place for the entities set out above.

Question 33: **Do you agree with our proposal to require LEIs as set out, and how much time would be required to ensure these entities have LEIs in place from the date we publish our final rules?**

Stakeholder Engagement

9.38 These changes will only improve firm experience and data quality if the new system works effectively for its users. Designing an improved firm experience will depend on gathering insights from likely users of the new system. These will include fund managers of all types of funds, as well as depositaries, external advisors, and compliance consultants.

9.39 The FRAME programme has already conducted 34 meetings with stakeholders about the new platform, led by the FCA's User Research function. These meetings have included fund managers, depositaries, legal advisers, and fund service providers. However, we would welcome further engagement from all potential users of the service, as well as perspectives about how current fund authorisations/registration and change processes could be improved.

9.40 We will also be issuing a short survey to some fund managers to assess their current experience of the fund authorisations processes. We will use this snapshot and follow-up responses to assess the impact of our changes on the user experience.

Question 34: **What considerations should the FCA prioritise in developing the new fund Authorisation, Registration, and Change platform?**

Question 35: **Would you like to participate in future engagement about the FCA's fund Authorisation, Registration, and Change service?**

Annex 1

Questions in this paper

Question 1: Is our approach to proportionality appropriate and do the proposals for moving between tiers and opting up allow sufficient flexibility?

Question 2: Does our approach aligning frequency and lag to liquidity capture the risks sufficiently for different fund types and allow sufficient headroom for submission?

Question 3: Do you agree with our approach of collecting more granular data on the use of leverage, rather than relying upon inaccurate, complex calculations?

Question 4: Do you agree with our approach to calculation methodologies? If not, why?

Question 5: Do you agree with our proposed design of the framework? If not, what would you change and why?

Question 6: Do you agree with our approach to the essential reporting requirements? If not, what would you change, and why?

Question 7: Do you agree with our proposals to collect client categorisation and investor data information in the enhanced reporting requirements, and if not, why?

Question 8: Do you agree with our approach to performance and flow reporting, particularly with respect to frequency? If not, why?

Question 9: Do you agree that our characterisation of unencumbered highly liquid assets best captures cash and near cash that would be readily available to pay immediate liabilities, such as unexpected redemptions or margin calls?

Question 10: With respect to anti-dilution tools, would asking for data on a firm's back-testing of their use be a more proportionate substitute for the quantitative data on their calibration and trigger levels that we have not included?

Question 11: Do you agree with our approach to share class data reporting, including that these requirements will only apply to UK UCITS and NURS, and our focus on size, performance, value and fees? If not, why?

Question 12: Do you agree with our approach to benchmark data reporting? If not, why?

Question 13: Do you agree that managers and operators should only report holdings for UK UCITS and NURS funds. If not, why?

Question 14: Do you agree that collecting exposure data by asset class and breaking it down by instrument type, and standardising rates and credit exposure, is viable for reporting purposes? If not, what alternatives would you propose?

Question 15: Does this approach to sensitivities reporting sufficiently capture where fund managers are running market risks?

Question 16: We propose to collect concentrated position data per entity rather than per individual security, should we consider collecting security level concentrations, particularly with respect to the Gilts market?

Question 17: Do you agree with our approach to counterparty exposures, and in particular, collection of initial amounts (margins) and the use of it in ranking counterparties?

Question 18: We are considering whether to capture data on individual information for the top 15 counterparties, rather than the top 5 as currently required in Annex IV. Aside from the increase in the volume of information, what are the challenges (if any), with providing this additional information?

Question 19: For both financing maturity and counterparty exposures, how should we best capture Total Return Swaps?

Question 20: Do you agree with our proposed approach to event-based reporting with a single trigger? If not, why not? If you disagree with the Event-based Reporting Trigger (EBRT) or the data we propose collecting, please suggest alternative EBRT and data requirements.

Question 21: Do you agree with our approach to collecting data on private market valuation practices? If not, why?

Question 22: Do you agree with our approach to defining which funds should complete private markets and loan origination reporting based on whether they originate loans? If not, why, and what alternatives should we consider?

Question 23: Do you agree with our approach to collecting data on loan quality and stress? If not, why?

Question 24: Do you agree with our approach to focus our requirements on portfolio data? If not, which alternative metrics would you propose?

Question 25: Do you agree with our approach to dominant influences reporting for private equity funds? If not, why?

Question 26: Do you agree with our approach to performance data reporting for private equity funds? If not, why?

Question 27: Do you agree with our proposals to require an annual report from CIS operators? If not, why?

Question 28: Should online form and XML upload submission options be maintained for both the essential and enhanced reporting requirements under the new framework?

Question 29: Is having XML upload only submission functionality sufficient for the enhanced reporting requirements under the new proposed framework?

Question 30: Do you agree with our proposed definition of when a fund should start reporting?

Question 31: How much time, in months (e.g. 6, 12, 18. 24) would you require to operationalise the reporting requirements set out in this consultation paper, from the date of a policy statement and final rules being published?

Question 32: Do you have any comments on our proposal to require firms to submit the AIFMD forms and notifications set out above online rather than by post or email?

Question 33: Do you agree with our proposal to require LEIs as set out, and how much time would be required to ensure these entities have LEIs in place from the date we publish our final rules?

Question 34: What considerations should the FCA prioritise in developing the new fund Authorisation, Registration, and Change platform?

Question 35: Would you like to participate in future engagement about the FCA's fund Authorisation, Registration, and Change service?

Annex 2

Cost benefit analysis

Executive summary

1. This cost benefit analysis (CBA) assesses the impact of the FCA's proposals to introduce a standardised fund-level reporting framework across the UK asset management sector. The proposals seek to improve the quality, consistency, and coverage of fund-level data available to the FCA while reducing reporting burdens on firms that are not aligned with supervisory needs.

2. The UK asset management sector plays a systemically important role in UK finance markets and the real economy; however, current fund-level reporting requirements have developed incrementally and apply unevenly across fund types. Detailed reporting under the Alternative Investment Fund Managers Directive (AIFMD) applies to alternative investment funds (AIFs) while most retail investment funds provide little regular fund-level data.

3. As a result, the current fund-level reporting regime constrains the FCA's ability to identify and monitor risks relating to market integrity and consumer protection, including liquidity risk, leverage, concentration, and inappropriate retail exposure. At the same time, the current requirements impose ongoing compliance costs on firms that are not aligned with supervisory priorities.

4. To address these issues, the FCA proposes a coherent fund-level reporting framework that applies across major fund types. The framework has three core design features:

- Reporting frequency differentiated by fund type to better reflect underlying risk characteristics.
- Threshold-based essential and enhanced reporting requirements, with enhanced reporting applying to larger funds that account for the majority of assets under management.
- Simple and flexible reporting fields that align more closely with data firms already produce.

5. The analysis covers approximately 32,000 funds managed or marketed in the UK and around 6,500 firms affected by the proposals. This captures the vast majority of the UK fund market, although some fund types are not included. The proposals are expected to lead to a material reduction in ongoing reporting effort for AIFs, driven by fewer reporting fields, simplified templates, and for many funds, reduced reporting frequency. At the same time, UCITS funds would begin providing regular fund-level data, increasing supervisory coverage of retail-facing funds.

6. Over the 10-year appraisal period, the central estimate suggests the proposals will generate a positive net present value (NPV) of approximately £951.8m. This reflects

substantial ongoing cost savings to AIF managers, estimated at around £147.8m per year. This is offset by new ongoing reporting costs for UCITS funds, estimated at around £19.6m per year, and one-off implementation costs to all firms of approximately £139.8m. The one-off and ongoing costs to the FCA associated with building and maintaining the new system are modest relative to the scale of industry impacts.

7. The quantified costs and benefits are driven by two key model inputs: the estimated per-filing cost for the current AIFMD fund-level return, derived from firm engagement, and the assessed reduction in reporting effort of 90.8% when moving from the current AIF002 to the proposed essential reporting requirement. The latter input reflects a detailed field-level comparison of reporting templates, and the model's sensitivity to it is tested in the 'Risks and uncertainties' section.

8. While the benefits to the FCA from improved data quality and coverage are not practically quantifiable, the proposals are expected to materially enhance risk-based supervision by enabling earlier identification of emerging risks and more proportionate supervisory engagement. The framework also aligns the FCA more closely with international comparators.

Introduction

9. The Financial Services and Markets Act (2000) requires us to publish a cost benefit analysis (CBA) of our proposed rules. Specifically, section 138I requires us to publish a CBA of proposed rules, defined as 'an analysis of the costs, together with an analysis of the benefits that will arise if the proposed rules are made'.

10. This analysis presents estimates of the significant impacts of our proposal. We provide monetary values for the impacts where we believe it is reasonably practicable to do so. For others, we provide a qualitative explanation of their impacts. Our proposals are based on weighing up all the impacts we foresee and reaching a judgement about the appropriate level of regulatory intervention.

The UK fund reporting landscape

11. The UK asset management sector represents £16.5 trillion of assets under management (AUM) according to regulatory data (Q3 2025) and is systemically important to the UK financial sector and real economy. Firms manage investments on behalf of retail and professional investors in private and public markets, across international jurisdictions and sectors.

Current reporting requirements for funds

12. The UK fund reporting landscape is characterised by a combination of scale, heterogeneity, and fragmentation. Fund- and firm-level reporting requirements have developed incrementally over time through several distinct regulatory regimes, resulting in differences in scope, data content, and reporting frequency across fund types.

13. Investment managers, managing different fund types, are subject to their own discrete reporting requirements, as summarised in Table 1. The main entity types, subject to various reporting requirements, include:

- Alternative Investment Funds (AIFs), which typically invest in non-traditional assets, such as private equity, hedge funds, or commodities, and are typically exposed to private markets. AIFs are managed by Alternative Investment Fund Managers (AIFMs).
- UK undertakings for collective investment in transferable securities (UK UCITS) funds, which are UK-authorised retail investment funds subject to the UCITS regulatory framework.
- EEA UCITS funds marketed in the UK under the Overseas Fund Regime (OFR), which are UCITS funds authorised in an EEA jurisdiction and recognised by the FCA for marketing to UK investors under the OFR.
- UK MIFID investment firms managing and/or advising funds or portfolios.
- Residual collective investment scheme (CIS) operators, who manage CISs that are neither AIFs nor UCITS funds.

Table 1: Existing FCA regulatory reporting landscape

Fund / Firm Type	Reporting returns	Summary of key data fields	Submission frequency
AIFMs	AIF001 (AIFMD)	AIFM characteristics; AUM; principal markets; top instruments Firm-level AUM; capital drawn; retail client %	Quarterly to annually (threshold based)
AIFs	AIF002 (AIFMD) and FSA038	Fund level AUM; strategies; jurisdictions; exposures; liquidity; leverage; risk metrics; valuation; investor concentration; stress tests; master–feeder structures; delegation	AIF002: Quarterly to annually (threshold based) FSA038: Semi-annual
UK UCITS managers	FSA038 and FSA042	Firm-level AUM; capital drawn; retail client % and derivatives use; leverage; VaR; net/gross positions	FSA038: semi annual FSA042: annual or more frequent
UK MIFID investment firms	FSA038	Firm-level AUM; capital drawn; retail client %	Semi annual
Residual CIS operators	Not currently subject to regulatory reporting		

14. AIFs are subject to the most comprehensive fund-level reporting requirements under the current regime, constituting 69.1% of funds managed or marketed in the UK, according to FCA internal data. AIFs report detailed information through the AIF002 return, with reporting frequency determined by the size of the AIFM rather than the individual AIF. The current reporting rules derive from the Alternative Investment Fund Managers Directive (AIFMD), which implemented in the UK in 2013 through a mix of FCA handbook rules, directly applicable regulation and legislation. Other fund types are not subject to similarly comprehensive reporting requirements.

15. FCA supervisors use the current AIFMD data reporting as the primary tool for identifying both consumer and market risks from the AIF market. For example, data on investor types shows where retail investors may be exposed to high risk, and leverage data indicates which firms are running the highest risk strategies with macroeconomic impacts.

16. UK UCITS funds are subject to more limited and fragmented reporting requirements, despite their scale, retail investor exposure, and relevance for supervisory risk monitoring. UCITS managers provide limited firm-level information through the FSA038 return and targeted fund-level data on derivatives use through the FSA042 return. These do not provide the FCA with a consistent and comprehensive view of UK UCITS funds' activities, exposures, or liquidity profiles, that is comparable to that required of AIFs. In addition to formal reporting requirements, the FCA receives periodic disclosures (such as annual reports for investors). However, these are neither submitted in a standardised format nor designed for systematic supervisory analysis.

17. Certain UK MIFID investment firms undertake portfolio management and/or investment advisory activities across a wide range of products, including UK and overseas funds (often on a delegated basis), as well as segregated mandates for institutional and wholesale clients. Existing reporting is fragmented and primarily derived from a combination of firm-level returns (such as FSA038 which captures high-level AUM and client metrics), transaction reporting obligations under MiFIR, and prudential reporting under the Investment Firms Prudential Regime (including the annual MIF007 ICARA questionnaire). While these provide useful information for specific supervisory purposes, they do not offer a consistent or comprehensive view of the firms' business models or activities across different services, clients, and geographies. This is particularly acute where UK-based firms manage or advise on non-UK funds or serve non-UK clients, leading to a gap in understanding of the wider asset management sector.

18. A further segment of the UK fund landscape comprises residual operators of CISs that are neither AIFs nor UCITS funds. These schemes are not currently subject to regular fund-level reporting, creating a gap in the FCA's visibility of this part of the market.

Fund population

19. Our proposals affect a large and diverse population of funds that are managed and/or marketed in the UK. Based on FCA internal data, there are 31,982 active funds in scope of the proposed reporting requirements. Throughout this analysis, 'fund' refers to the individual reporting entity captured in FCA regulatory data. For both AIFs and UCITS funds, this is defined at the sub-fund level (for example, where a fund is structured as an umbrella containing multiple sub-funds, with each representing a sperate pool of assets and reporting separately). As a result, each sub-fund is treated as a separate observation and reporting unit in the analysis.

Table 2: Number of active funds managed in and/or marketed in the UK

Scheme type	Number of active funds
Alternative investment funds (AIFs)	
AIFs marketed in the UK under the National Private Placement Regime (NPPR)	11,889
Unauthorised AIFs managed in the UK	8,380
Qualified Investor Schemes (QIS) (Authorised AIF)	148
Long-term Asset Funds (LTAF) (Authorised AIF)	29
Non-UCITS Retail Scheme (NURS) (Authorised AIF)	1,161
Undertakings for collective investment in transferable securities (UCITS) funds	
EEA UCITS marketed in the UK under the Overseas Funds Regime (OFR)	7,865
UK UCITS (authorised funds)	2,510
Total	
Total active funds managed and/or marketed in the UK	**31,982**

Source: FCA internal regulatory data on active funds

Firm population

20. There is a broad and diverse population of firms across the UK asset management sector. Considering the overlap between firms that manage or operate UK-marketed funds, UK MIFID investment firms, and residual CIS operators, the total in-scope population is 6,466 firms. This reflects the fact that many firms undertake multiple regulated activities, spanning fund management, advisory, and related investment services.

21. Based on FCA internal data, there are 4,563 firms that manage or operate funds marketed in the UK. The firm population is heterogeneous in scale, complexity, and risk profile. This market structure means that a uniform approach to regulatory reporting at the firm level risks being disproportionate, as firms with very different activities and risk profiles can face similar reporting requirements under the current framework.

22. UK MIFID investment firms form a significant and diverse segment of the asset management sector. Based on an internal review of permissions, the population in scope of the proposed framework is 2,483 firms, the majority of which operate across asset management & alternatives, corporate finance, wholesale brokering, wealth management, and advisory & intermediary activities. The population is heterogeneous in scale and business model, ranging from large, internationally active firms with a broad range of services and clients, to smaller, more specialised firms focused on particular markets or activities. Many UK MIFID investment firms operate across multiple investment services within the same entity.

23. The proposed framework also covers operators of residual CISs. Based on FCA internal data, 420 firms hold Part 4a CIS permissions. These firms currently sit outside the core fund-level reporting regimes and, in most cases, do not provide regular data to the FCA on the CISs they operate. Evidence from our survey CIS operators indicates that each operator manages 10 CISs on average.

Problem and rationale for intervention

Harm

24. The FCA has suboptimal visibility of some risks to market integrity, consumer protection, and financial stability arising from the asset management sector due to the nature of existing fund-level reporting requirements. The current requirements also impose disproportionate burdens to firms.

Harm 1: Impaired risk-based supervision posing risks to market integrity

25. The asset management sector presents several risks to market integrity, consumer protection and financial stability that the FCA must be able to monitor effectively.

- Liquidity mismatches in funds investing in illiquid assets but offering frequent redemptions.

- Leverage and borrowing risks, including low- or no-collateral lending and derivatives exposures.
- Performance concerns combined with retail investor exposure, creating potential consumer harm.
- Potential for inaccuracies or conflicts in the valuation of retail fund assets that could harm consumers.
- Concentration and interconnectedness risks across alternative funds and private credit.
- Risk of market-wide externalities when supervisors cannot identify emerging stress early.

26. The FCA currently lacks complete, consistent fund-level data across large parts of the market to reliably monitor these risks. The majority of retail investment funds do not provide fund-level information that the FCA needs, particularly UK UCITS funds and overseas (EEA UCITS) funds marketing to UK retail investors. Existing AIFMD returns data is affected by material validation and data quality issues due to the structure and complexity of the form and does not capture all the information necessary to monitor market and consumer risks on a consistent basis. As a result, key risks cannot be systematically identified, compared across funds, or monitored over time using regulatory data alone.

27. These data gaps constrain the FCA's ability to undertake effective risk-based supervision. In particular, they limit the FCA's ability to:

- Identify funds exhibiting higher-risk characteristics, such as liquidity mismatch or high leverage.
- Compare risk profiles across funds on a consistent basis.
- Detect emerging risks at an earlier stage.

28. Liquidity mismatch can arise where funds invest in less liquid assets while offering frequent redemption opportunities, creating risks to investors and market integrity under stress. However, the FCA does not receive consistent and comparable data on portfolio liquidity profiles or redemption terms across the market, with information fragmented and not available in a structured or comparable format. This limits the FCA's ability to identify funds where liquidity characteristics and investor redemption rights are misaligned and to engage with firms at an early stage to assess and mitigate risks. As a result, liquidity risks may only become apparent once redemption pressures begin to crystallise, reducing the scope for timely intervention to address vulnerabilities and increasing the likelihood of disorderly asset sales, adverse investor outcomes, and spillovers to wider markets. This risk has been demonstrated during past episodes of stress in the UK funds market, where we observed cases of significant harm.

29. Consumer harm can arise where retail investors are exposed to funds or strategies that are not appropriate for their risk profile. At present, the FCA has limited visibility over investor types and distribution, as existing reporting frameworks do not provide consistent fund-level data on client categorisation or the extent of retail participation. This constrains the FCA's ability to identify funds with material retail exposure, to assess whether that exposure is appropriate, and to take targeted supervisory action where risks to retail investors are identified, such as challenging distribution practices or product design. In the absence of consistent client categorisation and distribution data, it is difficult to identify inappropriate retail exposure, particularly where funds are marketed through complex or multi-layered distribution chains. This reduces the FCA's ability to intervene before harm materialises, particularly for UCITS funds that are widely distributed to retail investors but are not currently subject to comparable fund-level reporting.

30. Risks to market integrity and financial stability can arise where funds are exposed to similar assets, counterparties, or strategies, creating channels through which stress can propagate across markets. However, fragmented or missing data reduces the FCA's ability to assess interconnected risks across fund types, monitor systemic exposures, and identify funds whose activities may threaten market integrity. Without a comprehensive and comparable view of these exposures, supervisors are less able to take early, coordinated action to address emerging system-wide risks or concentrations. One example of interconnected risk was the dynamic between UK Government, bond, repo and interest-swap markets during the 2022 gilt market crisis, where pre-crisis derivative positions of the LDP-PI sector were predictive of their sales during the crisis (Bank of England, 2023). More timely and complete data on such exposures would support earlier identification of vulnerabilities and enable more proactive supervisory engagement. This would enable the FCA to quickly assess the situation and take necessary regulatory decisions, hence reducing the likelihood and severity of disorderly market outcomes.

Harm 2: Unnecessary burden on some firms

31. The current AIFMD reporting framework imposes unnecessary compliance costs to firms that are disproportionate to the benefits the data brings to the FCA's oversight and are ultimately passed on to investors.

32. They require firms to produce many fields that are outdated and low value for FCA supervisory purposes. Taking one example, existing reporting requirements collect geographic breakdowns for several fields, including the percentage of investments held across specified geographies which is of limited value and cumbersome to collect. In practice, data quality and coverage are weak across several fields, resulting in material validation errors and the need for costly manual data cleaning.

Drivers of harm

33. The harm arises from information asymmetries that constrain the FCA's ability to identify risks, monitor markets and target supervisory interventions effectively. These asymmetries are driven by ineffective and outdated fund-level reporting requirements.

Asymmetric information

34. Firms hold granular, up-to-date information on their funds. However, in the absence of consistent access to this information across the market, the FCA cannot assess risks effectively in the asset management sector.

Ineffective or outdated regulatory interventions

35. The current reporting framework results in fragmented and inconsistent fund-level data, limiting the FCA's ability to construct a coherent, market-wide view of risks, compare exposures across fund types, and calibrate supervisory interventions proportionately. For the main fund types, existing reporting arrangements are either outdated and ineffective or insufficiently comprehensive.

36. For AIFs, the current AIFMD reporting requirements is outdated and no longer aligned with today's risk drivers or supervisory needs, as the AIF001 and AIF002 templates were designed almost 15 years ago.

37. Under AIFMD, the AIFM's total AUM determines the frequency of reporting requirements. This means all AIFs managed by a given firm are subject to the same reporting requirements regardless of fund size, which does not reflect the systemic risk posed by each fund.

38. The reporting frequencies are also not well aligned with the risk characteristics of the assets in which AIFs invest. Some AIFMs report quarterly, despite typically managing private market funds that buy assets and hold them for 5+ years, where there is usually less fluctuation in asset value and less turbulence for investors.

39. The reporting fields also do not reflect the characteristics of the market today. For example, capital flows to private markets have increased substantially over the past decade and they now represent a significant proportion of net asset value. As a result, some core data points, such as investment strategy classifications, are no longer sufficiently granular or informative for supervisory purposes. Around 50% of AIFs report their predominant fund type as 'other', demonstrating the current categorisation is unsuitable.

40. The reporting templates can be overly complex and lack guidance for some variables, creating confusion for firms, resulting in poor data quality and coverage. Despite the reporting regime being in place for over 10 years, we received around 400 queries on AIFMD reporting from firms in 2025.

41. By contrast, we do not receive regular, comprehensive fund-level reporting for the majority of retail investment funds (UCITS). These funds are typically authorised, open to retail investors and invest largely in public assets. The current reporting landscape therefore results in funds that are generally restricted to professional investors and invest in long-term assets being subject to more extensive reporting than authorised retail funds.

42. The UK's current reporting regime lags international comparators like the US Securities and Exchange Commission (SEC) and European Securities and Markets Authority (ESMA) and places the FCA at an operational disadvantage regarding certain fund types (e.g. UCITS), where there is significant market activity but low market visibility. Other jurisdictions, such as the Luxembourg National Competent Authority (NCA) – the Commission de Surveillance du Secteur Financier (CSSF) – collect monthly data on UCITS. The SEC requires monthly reporting of mutual funds (a close comparator for UCITS) via their NPORT form. The FCA receives no reporting of the same kind, aside from a single template (FSA042) setting out the use of derivatives.

Policy options considered and our proposed intervention

43. Our proposed new reporting framework seeks to improve the existing fund-level reporting regime to address the problem and achieve two aims:

- Enable smarter, data-led supervision of the asset management sector.
- Produce a net burden reduction for fund managers.

Policy considerations and trade-offs

44. In developing our approach, we first considered whether existing firm reporting or third-party data sources could be relied upon. The principal alternative is data from providers such as Morningstar. However, only a subset of funds report holdings to these providers, and where they do, coverage and update frequency are limited for several key data fields, including holdings and redemptions. Furthermore, we cannot validate the data ourselves. Other international regulators, including the SEC and ESMA, similarly rely on direct fund-level data collection.

45. The key trade-offs considered in designing the reporting framework were between data coverage and data quality, on the basis that expanding reporting coverage may reduce data quality and response rates and increase firm burden, while enhancing market coverage and the FCA's ability to identify supervisory risks.

46. We also considered the additional benefit that each data field provides relative to the costs to firms to provide data. We want to strike a balance between requesting data that we need to fulfil our role, and removing undue reporting burden, even where that might require the FCA to accept slightly more risk due to having less market visibility than it could have. We will not collect data to be able to monitor every risk, that would be too onerous. And in times of crisis, we may still require ad hoc data. But this will allow us to understand firms at a higher level and understand pockets of risk across the market. We provide examples of where we accept this additional risk in the 'Risks and uncertainties' section.

Policy proposals and alternative options

47. Our proposed reporting framework has three key pillars: reporting frequency, fund-level reporting thresholds and flexible calculations.

48. The specific proposals by reporting entity are:

- For AIFs, we propose to simplify many existing requirements, turning requests for complex calculations into simple input data and distributional data into simple yes or no questions in many cases, using consistent language, and utilising data funds already use to report to investors.
- For UCITS, we propose UK-based and overseas UCITS that market to the UK will start reporting.
- For UK MIFID investment firms with certain permissions/activities as set out in chapter 7 of the consultation paper, we are proposing a reporting form including a breakdown of the net asset value (NAV) and gross notional value under management.
- For CIS operators, the framework introduces a targeted, proportionate reporting requirement, based on a short annual operator-level return, set in chapter 7 of the consultation paper.

49. Our proposed improvements mean that we can retire of several existing forms (AIF001, AIF002, FSA042, DISC3.5.1) which will become duplicative, resulting in the removal of tens of thousands of reports annually.

Figure 1: Our proposed reporting framework, by fund type

		Types of fund set at fund authorisations gateway									
		Regulatory Classification					Unauthorised AIF Descriptive Classification				
		UK UCITS	NURS	LTAF	QIS	OFR / s272 Funds	Hedge Fund	Loan Origination Fund	Private Equity Fund	Infra / Real Estate Fund	Other Fund
Funds <£500m (Essential Reporting)	Common Essential Requirements	y	y	y	y	y	y	y	y	y	y
	VaR (Essential)	y	n	n	n	n	n	n	n	n	n
	Counterparty Exposure (Essential)	c	c	c	c	c	y	c	c	c	c
Funds >£500m (Enhanced Reporting)	Fund Profile & Strategy	y	y	y	y	n	y	y	y	y	y
	Dealing Terms / Investor Rights	y	y	y	y	n	y	y	y	y	y
	Investor Base	y	y	y	y	n	y	y	y	y	y
	Fees, Performance & Flows	y	y	y	y	n	y	y	y	y	y
	Portfolio Concentrations	y	y	y	y	n	y	y	y	y	y
	Liquidity Risk & LMTs	y	y	y	y	n	y	y	y	y	y
	Portfolio Exposures	n	n	y	y	n	y	y	y	y	y
	Private Markets	n	n	p	p	n	n	y	y	y	n
	Portfolio Sensitivities & VAR	y	y	y	y	n	y	n	n	n	n
	Shareclass & Benchmarks	y	y	n	n	n	n	n	n	n	n
	Holdings	y	y	n	n	n	n	n	n	n	n
	Counterparty Exposure & Borrowing	c	c	c	c	n	y	c	c	c	c
	Event-based Reporting	n	n	n	n	n	y	n	n	n	n

Key: **Y:** Required **N:** Not Required **C:** Required if is leverage used **P:** Required if the fund is a private market fund
*this is an illustrative diagram

Reporting frequency

50. Reporting frequency will vary by fund type to reflect differences in liquidity, valuation practices, and underlying risk characteristics as set out in chapter 3 of the consultation paper. Thousands of funds will have the number of reports they file reduced from 4 (quarterly) at present to 1 (annually). ~15,000 funds will have their filing deadlines extended by between 30 and 120 days, improving the accuracy of data reporting, and reducing firm burden.

51. We propose that private market funds (unauthorised AIFs) report annually, as they commonly invest in less volatile productive assets on a long-term basis, and price assets less frequently. Hedge funds would be an exception, where we propose quarterly reporting is appropriate given the financial stability risk these funds can represent. We are setting out an event-based reporting mechanism that requires key balance sheet data when hedge funds experience a 10% drawdown. This approach aligns with the policy of the SEC.

52. Authorised funds (UCITS and NURS) are more liquid, more active than most private market funds and are priced daily. We are proposing quarterly reporting for these funds, which will align more closely with EU jurisdictions, such as Luxembourg and Ireland.

Reporting Thresholds

53. We propose funds under £500m NAV provide 'essential' reporting, and funds over £500m NAV provide 'enhanced' reporting. By setting the threshold at £500m NAV, we capture the majority of net asset value:

- 88% of the total NAV and 19% total AIFs in the market.
- 85% of the total UK-domiciled NAV and 29% total UK-domiciled UCITS in the market.

54. We have considered different ways of setting the threshold, including different metrics, threshold levels, and number of thresholds, these considerations are set in more detail in chapter 3 of the CP.

Essential reporting requirements

55. The essential reporting requirements reflect what the FCA must know about any fund, regardless of its size. This includes information about the fund's strategy, finances, investor base, liquidity, leverage, performance and use of derivatives. There are 7 sections of the essential requirements form in total.

56. We have challenged ourselves, working with FCA supervisors, to justify every data point within the essential requirements, as every fund out of a universe of up to 31,982 will need to provide them. We have tested these requirements with a range of firms of different sizes and investment strategies, along with trade associations, and received positive feedback about both the proportionality and deliverability of these requirements.

Enhanced reporting requirements

57. The enhanced reporting requirements include the same sections as the essential requirements, and they add 7 new sections, going into more detail across each of them including, counterparty exposure, portfolio sensitivities, concentrations, private markets activity, and portfolio exposures. The enhanced requirements have also been extensively tested with firms, and we have approached specific firms to test sections that are most relevant to them. For example, we have engaged with several hedge funds about leverage and counterparty exposure data requirements, and private equity funds about private markets reporting requirements.

58. We have worked closely with the Bank of England and the Private Market System-wide Exploratory Scenario (SWES) on various parts of the requirements, to ensure that prudential and macro-economic risk management is enabled by the requirements when we share data in the future.

Flexible calculations

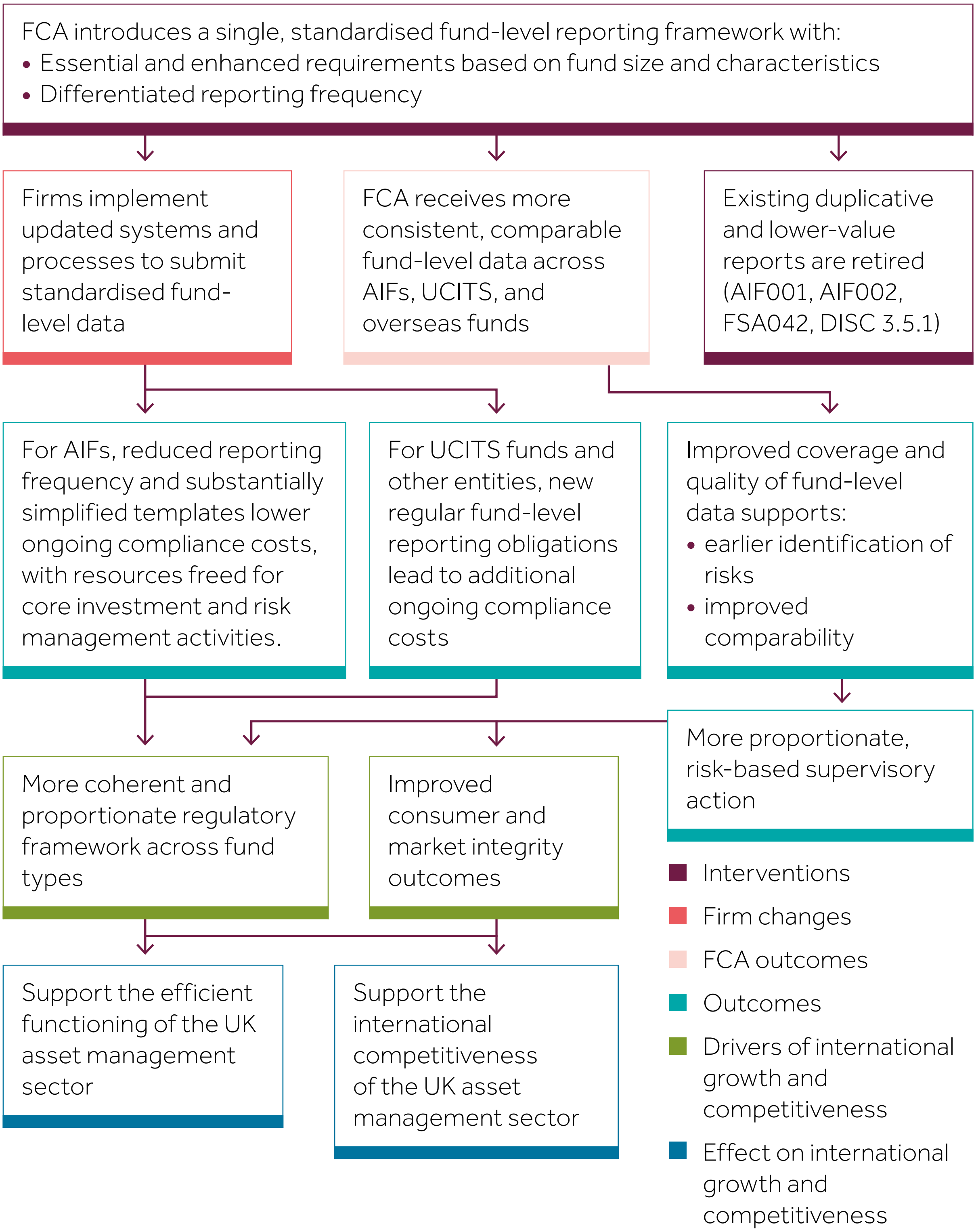
59. In completing regulatory reports, investment managers conduct a range of calculations for their funds. Different fund types, such as private equity and real estate funds, use slightly different calculations for some figures. In chapter 3 of the consultation paper, we propose to provide key definitions for calculation methods. Where a calculation method is not specified, or where there are only minor variations in how it is applied, firms would be permitted to report the same figure as they do to investors. For examples and further details of our approach, refer to chapter 3 of the consultation paper.

Causal chain

60. The proposed intervention introduces a standardised, efficient fund-level reporting framework. As set out in the causal chain below, this requires firms to implement updated systems to submit improved fund-level data while enabling the FCA to retire several existing duplicative reporting returns.

61. For AIFs, reduced reporting frequency and simplified templates lower ongoing compliance efforts, reflecting that parts of the current regime are not well aligned with supervisory needs. By contrast for UCITS funds, introducing regular fund-level reporting addresses a gap in current supervisory visibility, particularly given their widespread distribution to retail investors. While this introduces new ongoing obligations for firms, it will provide a consistent view of fund-level activity to the FCA where no comparable data currently exists.

Figure 2: Causal chain of proposed intervention



62. Taken together, the consistent application of the framework across all fund types improves the coverage, quality, and comparability of fund-level data available to the FCA, addressing both gaps in coverage (notably for UCITS funds) and inefficiencies in existing reporting (notably for AIFs). This supports earlier risk identification and more proportionate, risk-based supervisory effort. Improved visibility enables the FCA to take earlier and more targeted supervisory action, including engagement

with firms, challenge of distribution or product design, and coordinated responses to emerging system-wide risks. Collectively, the proposals contribute to a more coherent and proportionate regulatory framework across fund types. This supports the efficient functioning and long-term international competitiveness of the UK asset management sector.

Baseline and key assumptions

Key data sources

63. We draw on a combination of supervisory information, regulatory returns, and third-party datasets to construct the baseline against which costs and benefits are assessed and to establish and describe the fund-level impacts of the proposals. These sources are used both to characterise the current reporting landscape and to inform the mapping of funds to proposed reporting obligations.

64. FCA internal data provides a consolidated view of all active authorised firms and the funds they manage or operate. This dataset is used to identify the in-scope population and understand overlaps across different regulatory reporting regimes. It provides the primary evidence base for estimating the number of affected funds.

65. Fund-level data for alternative investment funds were primarily sourced from AIFMD regulatory returns, submitted under Annex IV via the AIF001 and AIF002 reports. These returns provide detailed information on assets under management, net asset value, investment strategy, and reporting frequency among other data points. The AIFMD regulatory returns form the core evidence base for estimating baseline reporting volumes and frequency under the current regime and mapping the population to the proposed reporting obligations.

66. While the AIFMD data provide relatively comprehensive coverage of AIFs, they are subject to known limitations like uneven data quality and incomplete coverage. These limitations are taken into account when interpreting estimates.

67. For UCITS, we combined internal data with third-party fund information from Morningstar to estimate fund-level characteristics, including net asset value and size distributions. Internal data provides coverage of authorised UK UCITS and overseas UCTIS marketed under the OFR, while Morningstar data is used to supplement fund-level information where needed.

Baseline cost estimate

68. We collected evidence from a sample of AIFMs, covering a diverse range of sizes and business models, to estimate the ongoing costs of the current AIFMD reporting regime. As part of this firm engagement, firms were asked to estimate their per-cycle cost of reporting and their annualised overhead costs of reporting. We combined firm survey responses with supervisory data on the number and frequency of required AIF002 filings, allowing total annualised costs to be translated into a comparable per-report

cost metric across firms. These baseline cost estimates are used as key inputs into the modelling of reporting cost changes under the proposed framework, alongside inputs on changes in reporting effort and frequency discussed below.

69. We engaged with 24 firms and trade associations over 47 meetings throughout the policy development process. We surveyed 9 AIFMs from that wider pool to understand their baseline reporting costs. The firms in scope spanned a wide range of business models and scales, including:

- Very large, globally active managers with hundreds of UK-funds.
- Mid-sized managers with a mixture of UK full-scope and NPPR AIFMD reporting obligations.
- Smaller specialised managers who filed reports for less than 10 funds.

70. While the cost estimates draw on a relatively small number of firms, the survey was conducted as part of a broader programme of engagement with firms and trade associations. The sample spans a wide range of business models and reporting volumes. As such, it provides a reasonable indicative basis for estimating reporting costs, while recognising that it may not fully capture the distribution of costs across the entire population.

71. Across the sample, the total annual reporting volume ranged from fewer than 20 filings per year to over 1,000 annual filings. Similarly, annualised costs ranged from below £200,000 to over £4,000,000. All costs are converted to a common annual basis and divided by the firm's total number of AIF002 reports filed in a year. These calculations produce a baseline per-filing cost under the current regime.

Table 3: Baseline reporting cost estimate, AIF002, per filing

	Central estimate (£)	Lower bound (£)	Upper bound (£)
Estimated cost of filing AIF002	3,393	3,171	6,725

Source: FCA internal calculations

72. For the central estimate, we take the weighted mean per-filing cost, where the weights are the number of reports filed by each firm. Weighting ensures the central estimate represents the cost of a typical report submitted to the FCA, rather than the cost experienced by the typical firm. This approach ensures that the central estimate reflects the cost of a typical report submitted to the FCA and is therefore appropriate for estimating aggregate reporting costs across the market.

73. This estimate is subject to uncertainty. In particular, the evidence is based on self-reported costs from a small number of firms. While they were selected to cover the range of different business models, it may not fully reflect variation across the wider population. Differences in firms' reporting processes, systems and use of third-party providers may lead to material variation in realised costs. To describe this uncertainty, we estimate the lower and upper bound using the simple 25-75 interquartile range (IQR).

In practice, the unweighted IQR spans a broader range and better reflects the variation in how firms fulfil their current reporting. The observed dispersion reflects differences in firm scale, the degree of automation of reporting processes, and the extent to which firms rely on third-party service providers.

74. In interpreting these estimates, we note that reporting costs comprise a mix of fixed and variable components and therefore may not scale proportionately with reporting volumes. Fixed costs include system infrastructure, governance and oversight processes, and ongoing vendor or service provider arrangements, which are incurred largely independently of reporting volume. Variable costs arise from the preparation and submission of individual reports, including data extraction, validation and submission activities, and tend to scale with the number and frequency of filings.

75. Evidence from firm engagement suggests that a significant proportion of reporting costs relates to these variable activities, particularly where firms rely on third-party providers to produce and validate returns. As a result, reductions in reporting requirements are expected to reduce a material component of overall costs, although some fixed costs will persist. Larger firms may benefit from economies of scale, while smaller firms may face relatively higher per-report costs where fixed elements are more significant. The upper bound lies further from the central estimate than the lower bound, indicating a right-skewed distribution of costs and capturing the presence of firms with materially higher per-report costs.

Other key assumptions

76. We use standard assumptions from our Statement of Policy on CBAs:

- We use the standard appraisal period of 10 years.
- We apply a discount rate of 3.5% to determine the present value of the stream of costs and benefits we expect to occur in future years.
- We present all values in 2025 prices.
- We assume full compliance in both the baseline and the counterfactual to ensure a consistent comparison. However, given evidence of underreporting under the current regime, we also model scenarios the realised cost savings of the proposals is less than 100% through our sensitivity analysis.

77. To estimate the one-off cost to firms of complying with our proposals, the FCA uses its standardised cost model (SCM). The SCM is used to standardise the assessment of common recurring costs across our CBAs. More information on the approach taken by the SCM can be found in Appendix 1 of the statement of policy, including how it categorises firms and determines costs to firms based on standardised assumptions.

78. In several cases, it was necessary to translate nominal figures denominated in foreign currencies. Where the underlying data provided the relevant figure in the required currency (typically GBP, but in some cases EUR), we used the reported value directly. Where conversion from USD to GBP was required, all figures were translated using a consistent exchange rate equal to 0.75564861. This rate was derived from the daily Bank of England exchange rate data, using the historic average method between February and March 2026 (corresponding to the vast majority of translated figures).

79. We assume that the current AIF002 return provides a reasonable proxy for the effort to produce the proposed enhanced reporting requirement. While funds subject to the enhanced reporting requirement will be required to complete those sections relevant to their business model and activities, it is not possible to determine ex ante the precise combination of fields each fund will report. In this context, the AIF002 return, which is extensive and captures a broad range of fund-level information, provides a pragmatic proxy for the enhanced reporting requirement, reflecting the upper range of potential reporting requirements. This approach reflects both the breadth of potential reporting requirements under the enhanced requirements and the availability of firm-level cost evidence for AIF002. Hence, the analysis of fund-level costs and benefits is driven by movement towards the proposed essential reporting requirement and changes in frequency of reporting. We recognise that this assumption may overstate reporting effort for some funds, thus introducing uncertainty into the estimates.

80. For UK MIFID investment firms, we assume that the cost of completing the proposed manager reporting template is broadly equivalent to that of the essential fund-level reporting requirement. This reflects the relatively limited scope of the proposed template, which captures aggregate measures of net asset value and gross notional exposure. The proposed MIFID investment firm template contains fewer reporting fields than the essential requirement and relies on comparatively simple calculations, supporting the assumption that overall reporting effort would not exceed that of the essential requirements.

81. For residual CIS operators, we assume that their reporting costs will be broadly equivalent to the essential requirements. This reflects the limited scope of the proposed CIS001 template, which captures a core set of 4 aggregate metrics using relatively simple calculations. Accordingly, we do not expect overall reporting effort for CIS operators to exceed that of the essential requirements.

82. We do not explicitly model fund launches, closures, or changes in fund population over the appraisal period. Instead, we assume the current fund population provides a reasonable basis for the scale and composition of reporting obligations over time. We consider that explicitly modelling fund population dynamics over time would not have a material impact on the overall conclusions of the CBA. Conceptually, changes in aggregate NAV can be decomposed into (i) growth of existing funds, (ii) the launch of new funds, and (iii) the closure of existing funds. However, these components are not modelled separately in this analysis.

Summary of impacts

83. We expect the proposed fund data reporting framework to deliver a net benefit, driven by substantially reducing the ongoing reporting burden for AIFs, alongside improving the quality, consistency, and usefulness of fund-level data available to the FCA. We estimate the total direct impact of our rules will be beneficial, generating a net present value (NPV) of £951.8m (£880.2m – £2,027.2m) over a 10-year period.

84. To account for the uncertainty regarding the baseline cost estimates, we have presented all summary statistics with a range. This range is based on the simple 25- and

75-percentile IQR of the model input for the baseline cost estimate, in this case the per return cost to firms from completing AIF002.

Table 4: Present values of quantified costs and benefits over 10-year period

	PV Benefits (£m)	PV Costs (£m)	NPV (£m)
Total impact	1,271.9 (1,188.6 to 2,520.8)	320.0 (308.4 to 493.6)	951.8 (880.2 to 2,027.2)

85. The annual net direct cost to business (EANDCB) of the proposals is approximately -£110.98 m (-£102.65m to -£235.91m). The negative EANDCB represents a net direct benefit to firms. This is based on:

- Around £147.8m in annualised ongoing benefits to AIFs.
- Around £20.5m in annualised ongoing costs to UCITS funds, UK MIFID investment firms, and residual CIS operators.
- Around £139.8m in one-off implementation costs to all firms.

86. Table 5 presents a detailed summary of the benefits and costs by group affected.

Table 5: Summary of total benefits and costs, by impact type

	Benefits		Costs	
Impact type	One-off	Ongoing, annual	One-off	Ongoing, annual
All firms				
Familiarisation with requirements and gap analysis			£7.0m	
IT project			£74.5m	
Change project			£58.2m	
Alternative investment funds				
Net benefit from changes to AIF reporting		£147.8m		
UCITS funds				
Cost from extending reporting to UCITS funds				£19.6m
Relevant UK MIFID investment firms				
Cost from extending reporting to UK MIFID managers				£0.8m
Residual CIS operators				
Cost from extending reporting to residual CIS operators				£0.1m
Costs to FCA				

Impact type	Benefits		Costs	
	One-off	Ongoing, annual	One-off	Ongoing, annual
System build and operation			£3.2m	£0.03m
Totals				
Total benefits and costs, one-off and ongoing	-	£147.8m	£143.0m	£20.6m

87. Based on this analysis, we determine that the cost to firms is outweighed by the benefits to firms. This conclusion is driven by the proportionally greater impact of the proposals of the ongoing cost reduction to AIF managers versus the more lower ongoing cost increase to UCITS managers, as well as one-off implementation costs resulting from the proposals. In addition, these proposals generate benefits to the FCA through improved data quality and coverage, supporting more effective and proportionate risk-based supervision. Taken together, the proposals are expected to support the efficient functioning and international competitiveness of the UK asset management sector.

Ongoing fund- and firm-level impacts

88. This section sects out the ongoing fund- and firm-level impacts of the proposals across the main affected entities: AIFs, UCITS funds, UK MIFID investment firms, and residual CIS operators. First, we estimate the change in reporting effort between the baseline and proposed framework. Then, we quantify the expected ongoing reporting costs of the proposals relative to the current framework. In summary, we estimate the following ongoing annual impacts:

- AIFs: Net benefit of £147.8m per year (range: £138.1m to £292.9m), reflecting reduced reporting frequency and a substantial decrease in reporting effort under the proposed framework.
- UCITS funds: Net cost of £19.6m per year (range: £18.3m to £38.9m), from introducing regular fund-level reporting requirements where no comparable baseline currently exists.
- UK MIFID investment firms: Net cost of £0.8m per year (range: £0.7m to £1.5m), from introducing a simplified manager-level reporting requirement across the in-scope population.
- Residual CIS operators: Net cost of £0.1m per year (range: £0.1m to £0.3m), from introducing a short operator-level return.

Change in effort from baseline reporting

89. To estimate the change in reporting effort between the baseline and proposed framework, we undertook a detailed field-level comparison between the current AIFMD fund-level return (AIF002) and the proposed essential reporting requirements. AIF002 is used as the baseline benchmark as it is the closest comparable existing return for fund-level reporting and is supported by firm-level evidence on reporting costs, making it an appropriate reference point for modelling changes in effort. This comparison maps individual data fields across the baseline and counterfactual, allowing us to identify which requirements are retained, removed, or replaced and to assess the relative volume and complexity of information required. This provides a structured basis for scaling baseline reporting costs under the policy scenario.

90. First, we identified and classified all data fields required from the current AIF002 return. Fields were then mapped to the proposed essential reporting template to identify which existing requirements would be retained, removed, or replaced. We also distinguished between fields that already exist in AIF002 and those that would be newly introduced in either the proposed essential or enhanced requirements. As part of this exercise, borrowing and lending fields were identified separately, given that these are not relevant for all funds. This mapping focuses on the structure and content of reporting templates, rather than the full end-to-end reporting process.

91. Second, each reporting field was assigned a complexity score between 1 and 3 reflecting the typical effort required to complete it. Hence, these scores are intended to capture relative differences in data gathering and reporting effort across each field, rather than fixed costs. These complexity scores were aggregated across all fields to give a total complexity measure for each reporting regime. A non-exhaustive list of criteria is:

- "1" for basic or static information.
- "2" for fields requiring standard calculations or simple data aggregation.
- "3" for complex items involving modelling, valuation, or consolidation across systems.

92. Finally, the change in reporting effort is estimated by comparing the number of required data fields under the baseline AIF002 return with those required under the proposed essential reporting framework. Excluding borrowing and lending fields, the current AIF002 return comprises 564 reporting fields (average complexity 1.76). Under the proposed essential requirement, the equivalent measure falls to 68 fields (average complexity 1.87). While the average complexity per field is slightly higher under the essential requirement, the overall number of fields, and thus total reporting effort, is substantially lower.

93. Based on this comparison, we estimate that the proposed essential reporting requirement reduces reporting effort by 90.8% relative to current AIF002 return. This comparison captures the relative difference in reporting effort between reporting templates, rather than estimating reporting costs in isolation. The estimate is used in subsequent calculations to scale ongoing reporting costs by comparing baseline AIF002 reporting with future reporting requirements, in combination with estimated reporting frequencies under the baseline and policy proposal scenarios. In doing so, the approach assumes that a material proportion of reporting costs varies with the volume and complexity of data required. As such, it is a key input for estimating aggregate changes in reporting cost over the appraisal period.

94. The resulting estimated per-filing reporting costs under the proposed essential and enhanced requirements are set out below.

Table 6: Proposed reporting requirements cost estimates, essential and enhanced, per filing

	Central estimate (£)	Lower bound (£)	Upper bound (£)
Essential requirement, per filing cost estimate	311	291	617
Enhanced requirement, per filing cost estimate	3,393	3,171	6,725

Source: FCA internal calculations

95. The 90.8% burden reduction estimate is informed by broader firm engagement on the current reporting framework. Feedback from firms indicates that a significant proportion of reporting effort for AIFMs arises from producing, validating, and submitting a high volume of granular data fields, many of which are simplified or removed under the proposed essential requirements. The reduced number and complexity of these fields is therefore consistent with the direction and scale of burden reduction identified through this comparison, although the realised cost impact will vary across firms.

96. This estimate is a relative comparison of reporting effort between the baseline and counterfactual templates; therefore, it is indicative of changes in the volume and complexity of data required. This estimate is used as an input to the cost model on the basis that a material proportion of reporting costs arise from activities that vary with the volume and complexity of data submitted. The extent to which these reductions in effort translate into realised cost savings will depend on firm-specific cost structures, including the balance between fixed and variable components. We consider uncertainty around this assumption, including scenarios where cost savings are only partially realised, in the sensitivity analysis set out in the 'Risks and uncertainties' section.

Alternative investment funds

97. We estimate the benefits to AIFs by comparing ongoing reporting costs under the current AIFMD regime with expected reporting costs under the proposed framework.

98. AIFs are currently obligated to report information regularly to the FCA under AIFMD. Under the current regime, AIFs report fund-level information through the AIF002 return. Reporting obligations differ by fund type and AIFM assets under management, dividing the population into those reporting quarterly, semi-annually, and annually.

Table 7: AIFs population, by current reporting frequency

Scheme type	Quarterly	Semi-annually	Annually	Total
NPPR AIF	5,484	1,388	5,017	11,889
Unauthorised AIF	2,023	897	5,460	8,380
NURS	966	21	174	1,161
QIS	123	1	24	148
LTAF	25	0	4	29
Total	**8,621**	**2,307**	**10,679**	**21,607**

Source: FCA internal calculations based on supervisory data and AIFMD regulatory returns

99. Under the proposed framework, reporting requirements for AIFs are simplified and refocused. Most AIFs would move to annual essential fund-level reporting, with more frequent or enhanced reporting reserved for larger funds or those presenting certain supervisory features. In addition, the structure and content of the reporting templates are streamlined relative to the existing AIF002 return, removing or replacing fields that are outdated, low-value, or not aligned with current supervisory needs.

100. As a result, the proposals reduce both: the frequency with which many AIFs must submit fund-level data; and the average reporting effort per submission, reflecting a substantial reduction in the volume of required information. These changes will generate ongoing benefits for AIFs relative to the AIFMD baseline.

101. Baseline reporting costs are derived from observed AIFMD reporting obligations. We use regulatory return data to identify the number of reports currently filed by AIFs, disaggregating the population by scheme type and reporting frequency. The reporting volumes are combined with per-filing cost estimates for the AIF002 return, based on evidence collected through firm engagement. We estimated the total baseline reporting costs for AIFs at £168.9m annually, with a range between £157.8m to £334.7m.

Table 8: AIFs, current reporting costs, annual

Scheme type	Freq.	Fund count	Central estimate (£)	Lower bound (£)	Upper bound (£)
NPPR AIF	Q	5,484	74,426,000	69,553,000	147,512,000
NPPR AIF	SA	1,388	9,419,000	8,802,000	18,668,000
NPPR AIF	A	5,017	17,022,000	15,908,000	33,738,000
Unauthorised AIF	Q	2,023	27,455,000	25,658,000	54,416,000
Unauthorised AIF	SA	897	6,087,000	5,688,000	12,064,000
Unauthorised AIF	A	5,460	18,525,000	17,312,000	36,717,000
NURS	Q	966	13,110,000	12,252,000	25,984,000

Scheme type	Freq.	Fund count	Central estimate (£)	Lower bound (£)	Upper bound (£)
NURS	SA	21	143,000	133,000	282,000
NURS	A	174	590,000	552,000	1,170,000
QIS	Q	123	1,669,000	1,560,000	3,309,000
QIS	SA	1	7,000	6,000	13,000
QIS	A	24	81,000	76,000	161,000
LTAF	Q	25	339,000	317,000	672,000
LTAF	SA	0	-	-	-
LTAF	A	4	14,000	13,000	27,000
Current reporting, total			**168,886,000**	**157,829,000**	**334,733,000**

Source: FCA internal calculations based on supervisory data and AIFMD regulatory returns

102. To assess how reporting changes under the proposals, we undertook a detailed comparison between the current AIF002 return and proposed essential fund-level reporting template, estimating a 90.8% reduction in effort (see 'Change in effort from baseline reporting'). This comparison captures relative differences in reporting effort between templates and is used to scale reporting costs under the policy scenario. We have assumed that the proposed enhanced requirement is roughly equivalent to the current AIF002 in terms of effort required.

103. To avoid duplicative reporting of information that is already captured at the master-fund level, individual feeder funds would no longer be required to submit separate fund-level reports under the proposals. This adjustment primarily affects AIFs, based on the more prevalent use of master-feeder structures observed. On this basis, 1,513 AIFs identified as feeder funds are removed from the quantitative analysis.

Table 9: AIFs, excluded feeder funds

Scheme type	Count
NPPR AIF	763
Unauthorised AIF	735
NURS	12
QIS	3
Total	**1,513**

Source: FCA internal calculations based on supervisory data and AIFMD regulatory returns

104. Under the policy proposals, individual AIFs are mapped to the proposed essential or enhanced reporting requirement based on their NAV relative to the £500m threshold. This mapping is primarily based on fund-level information from the AIFMD regulatory returns. Where a fund's NAV was not observable, we assume that the fund falls below the threshold and is therefore subject to essential reporting. In addition, we separately identify funds whose predominant activity is flagged as hedge fund in the AIFMD regulatory returns. Consistent with the policy proposals, these funds will report on a quarterly basis, reflecting their higher supervisory importance. As a result, hedge funds are shown separately within each relevant AIF category.

Table 10: AIFs, Proposed reporting requirement breakdown

Scheme type	Essential req.	Enhanced req.	Total
NPPR AIF	9,271	1,197	10,468
Unauthorised AIF	6,589	289	6,878
NURS	938	211	1,149
Unauthorised AIF (Hedge Fund)	580	187	767
NPPR AIF (Hedge Fund)	517	141	658
QIS	60	84	144
LTAF	26	3	29
QIS (Hedge Fund)	-	1	1
Total	**17,981**	**2,113**	**20,094**

Source: FCA internal calculations based on supervisory data and AIFMD regulatory returns

105. This fund population estimate is combined with assumed reporting frequencies and per-return cost estimates to derive total ongoing reporting costs for AIFs under the proposed framework. For funds subject to the proposed essential reporting requirement, the per-return costs are scaled to reflect the estimated reduction in reporting effort relative to the current AIF002 return. For funds subject to the proposed enhanced reporting requirement, we assume reporting effort is equivalent to completing the current AIF002 return.

106. Applying the above estimates and assumptions across the populations produces the consolidated estimates of ongoing AIF reporting costs. On this basis, we estimate that ongoing reporting costs for AIFs under the proposed framework are approximately £21.2m per year, with a range between £19.7m to £41.9m, reflecting uncertainty around per-filing cost estimates.

Table 11: AIFs, proposed reporting costs, annual

Scheme type	Req.	Freq.	Fund count	Central est. (£)	Lower bound (£)	Upper bound (£)
NPPR AIF	Enh.	A	1,197	4,061,000	3,795,000	8,049,000
NPPR AIF	Ess.	A	9,271	2,886,000	2,697,000	5,719,000
Unauthorised AIF	Enh.	A	289	981,000	916,000	1,943,000
Unauthorised AIF	Ess.	A	6,589	2,051,000	1,916,000	4,065,000
NURS	Enh.	Q	211	2,864,000	2,676,000	5,676,000
NURS	Ess.	Q	938	1,168,000	1,091,000	2,315,000
QIS	Enh.	Q	84	1,140,000	1,065,000	2,259,000
QIS	Ess.	Q	60	75,000	70,000	148,000
LTAF	Enh.	Q	3	41,000	38,000	81,000
LTAF	Ess.	Q	26	32,000	30,000	64,000
Unauthorised AIF (HF)	Enh.	Q	187	2,538,000	2,372,000	5,030,000
Unauthorised AIF (HF)	Ess.	Q	580	722,000	675,000	1,431,000
NPPR AIF (HF)	Enh.	Q	141	1,914,000	1,788,000	3,793,000
NPPR AIF (HF)	Ess.	Q	517	644,000	602,000	1,276,000
QIS (HF)	Enh.	Q	1	14,000	13,000	27,000
QIS (HF)	Ess.	Q	0	0	0	0
AIFs, proposed reporting costs, total				**21,128,000**	**19,745,000**	**41,876,000**

Source: FCA internal calculations based on supervisory data and AIFMD regulatory returns

107. The ongoing benefits to AIFs are calculated as the difference between baseline reporting costs under the current AIFMD regime and estimated reporting costs under the proposed framework. Comparing the baseline annual reporting cost of £168.9m with proposed annual reporting cost of £21.1m, we estimate the total ongoing benefit to AIFs of approximately £147.8m per year under the central estimate. The corresponding lower and upper bound estimates are £138.1m and £292.9m respectively.

Table 12: Net benefits to AIFs from changes in reporting requirements

	Central est. (£m)	Lower bound (£m)	Upper bound (£m)
AIFs, current reporting costs, total	168.9	157.8	334.7
AIFs, proposed reporting cost, total	21.1	19.7	41.9
AIFs, total net benefit, annual	**147.8**	**138.1**	**292.9**

Source: FCA internal calculations

UCITS funds

108. We estimate the costs to UCITS funds by calculating the ongoing reporting costs introduced by the new fund-level reporting requirements. UCITS funds are subject to a range of regulatory requirements under the current regime. However, the FCA does not presently receive regular, standardised fund-level reporting from UCITS that is comparable to the AIF002 return submitted by AIFs. We therefore assume no ongoing fund-level reporting costs. Against this baseline, the introduction of regular fund-level reporting under the proposals gives rise to new ongoing costs for UCITS funds.

109. Under the proposed framework, UCITS funds would become subject to regular fund-level reporting to the FCA, using the standardised reporting templates designed to improve supervisory visibility across the funds sector. The proposals apply to both UK-authorised UCITS funds and to overseas OFR UCITS funds marketed in the UK. These new reporting requirements introduce additional ongoing compliance costs for UCITS funds.

Table 13: Population of UCITS funds

Scheme type	Number of funds
OFR UCITS	7,865
UK UCITS	2,510
Total	**10,375**

Source: FCA internal calculations based on supervisory data

110. To estimate the costs to UCITS funds, we identify the population of in-scope UCITS funds and map them to the proposed reporting requirements based on the policy proposals regarding reporting frequency and fund characteristics. Fund population estimates are drawn from FCA internal data, while third party sources are used to estimate the breakdown between proposed essential and enhanced requirements.

111. Consistent with the approach taken for AIFs, we exclude observable feeder funds where reporting would be duplicative of information already reported at the master-fund level. This adjustment affects a relatively small number of UCITS funds.

Table 14: Excluded feeder funds, UCITS

Scheme type	Number of funds
OFR UCITS	31
UK UCITS	10
Total	**41**

Source: FCA internal calculations based on supervisory data

112. To determine the number of funds above and below the £500m NAV threshold, we used fund-level data from Morningstar, which provides consistent, comparable information on UK-authorised UCITS at the individual fund level. This approach is applied only to UK UCITS, consistent with the policy framework that applies the threshold-based distinction between reporting requirements to domestic UCITS funds but not OFR funds. Morningstar NAV data is used to identify whether individual UK UCITS funds fall above or below the £500m threshold. Where Morningstar data was unavailable for a fund, we assumed the fund would be subject to the essential requirement.

113. We apply the same per-return cost assumptions for the new essential and enhanced requirements to the estimated UCITS population as those applied to AIFs. Reporting costs are estimated by combining reporting frequencies with per-return costs to produce consolidated annual cost estimates. Central, lower, and upper bounds are presented to reflect uncertainty around the estimated reporting cost.

114. Applying the above methodology across the in-scope UCITS population produces the consolidated estimates of ongoing reporting costs, presented below. These estimates represent the annual recurring costs introduced by the proposals for UCITS funds.

Table 15: UCITS funds, proposed reporting costs, annual

Scheme type	Req.	Freq.	Fund count	Central est. (£)	Lower bound (£)	Upper bound (£)
UK UCITS	Enh.	Q	548	7,437,000	6,950,000	14,740,000
UK UCITS	Ess.	Q	1,962	2,443,000	2,283,000	4,841,000
OFR UCITS	Ess.	Q	7,834	9,753,000	9,114,000	19,330,000
Proposed reporting, UCITS, total				**19,633,000**	**18,347,000**	**38,912,000**

Source: FCA internal calculations

115. On this basis, we estimate that the ongoing reporting cost for UCITS funds under the proposed framework are approximately £19.6m per year, with a range between £18.3m and £38.9m. As UCITS funds do not currently incur comparable fund-level reporting costs, the policy-based cost estimates represent the total ongoing cost impact of the proposals on the UCITS population.

Table 16: Costs to UCITS funds from introducing reporting requirements

	Central est. (£m)	Lower bound (£m)	Upper bound (£m)
UCITS funds, total net cost, annual	**19.6**	**18.3**	**38.9**

MIFID investment firms

116. We estimate the costs to UK MIFID investment firms by calculating the ongoing reporting costs introduced by the proposed manager-level reporting requirements. Under the current framework, the FCA does not receive standardised information on MIFID investment firms, and so there is no directly comparable baseline reporting costs against which to assess the changes. Hence, the costs presented below represent the total ongoing reporting costs introduced by the proposals.

117. Under the proposed framework, certain UK MIFID investment firms will be required to submit a standardised reporting template which captures aggregate measures of net asset value and gross notional exposure. Reporting takes place annually for all 2,483 in-scope MIFID investment firms. The estimate costs are calculated by applying the per-filing cost (consistent with the essential reporting requirement) across the in-scope population.

Table 17: UK MIFID investment firms, proposed reporting costs, annual

Firm type	Freq.	Firm count	Central est. (£)	Lower bound (£)	Upper bound (£)
UK MIFID firms	A	2,483	773,000	722,000	1,532,000

Source: FCA internal calculations

118. We estimate the total ongoing reporting cost for UK MIFID managers at approximately £0.8 per year under the central estimate, with a range between £0.7m and £1.5m.

Table 18: Costs to UK MIFID investment firms from introducing reporting requirements

	Central est. (£m)	Lower bound (£m)	Upper bound (£m)
UK MIFID firms, total net cost, annual	**0.8**	**0.7**	**1.5**

Residual CIS operators

119. We estimate the cost to residual CIS operators by capturing the additional ongoing reporting costs associated with introducing the proposed reporting requirements. These firms are not currently subject to standardised CIS fund-level reporting, meaning there is no directly comparable baseline from which to assess incremental changes. The estimates presented below therefore reflect the full ongoing reporting costs attributable to the proposals.

120. Under the proposed framework, residual CIS operators will be required to submit a standardised reporting template (CIS001), covering a limited set of aggregate operator-level metrics. Reporting is undertaken on an annual basis across the population of 420 in-scope firms. Cost estimates are derived by applying a per-submission cost, assumed to be similar to the essential reporting requirement, across the in-scope population.

Table 19: Residual CIS operators, proposed reporting costs, annual

Firm type	Freq.	Firm count	Central est. (£)	Lower bound (£)	Upper bound (£)
CIS operator	A	420	131,000	122,000	259,000

Source: FCA internal calculations

121. We estimate the total ongoing reporting cost for residual CIS operators at approximately £0.1m per year under the central estimate, with a range between £0.1m and £0.3m.

Table 20: Costs to Residual CIS operators from introducing reporting requirements

	Central est. (£m)	Lower bound (£m)	Upper bound (£m)
CIS operators, total net cost, annual	**0.1**	**0.1**	**0.3**

Costs

One-off costs to firms

122. We use the FCA's SCM to estimate the one-off implementation cost to firms arising from our proposals. The SCM provides a structured, transparent approach for estimating familiarisation, change, and IT implementation costs.

123. The model covers 6,466 in-scope firms identified as managing or operating investment funds marketed in the UK. Firms are classified by size using data on their regulatory fee block. The SCM categorises these firms as:

- 36 large firms.
- 283 medium firms.
- 6,147 small firms.

124. Applying the SCM to the 6,466 in-scope firms, we estimate total one-off implementation costs to industry of approximately £139.8m.

Table 21: One-off costs to firms

Cost to firms	Large	Medium	Small
Familiarisation costs	£13,400	£3,800	£900
IT project costs	£272,200	£74,382	£7,100
Change project costs	£259,500	£125,895	£2,159
Total cost per firm	£545,100	£204,100	£10,200
Total number of firms	36	283	6,147
Total costs			**£139,819,000**

125. All firms subject to the proposals will need to familiarise themselves with the consultation, as well as the draft legal instrument and handbook text to understand the changes they may need to make to their operations. Our familiarisation cost estimates are based on a consultation paper that is 100 pages in length and legal text that is 30 pages in length.

126. Firms will also incur costs to make changes to their IT systems to enable submission of the new reporting requirements. These costs reflect the need to update internal data pipelines and reporting processes to align with the proposed standardised templates. Our estimates are based on the SCM's standard assumptions for a small-scale IT change project. We have also been informed, through our engagement with firms, that much of the data proposed is already generated for internal or investor reporting purposes.

127. In addition to IT changes, firms are expected to incur one-off costs associated with managing internal change projects required to implement the proposals. These costs capture time spent coordinating implementation across compliance, operations and reporting functions, and reflect the internal project management effort required to deliver the change. Our estimates assume a small change project for all firm sizes, with the scale of effort varying by firm size to reflect organisational complexity. The SCM accounts for additional costs for board or executive committee approval in the central estimate.

Fund Authorisation, Registration, and Change Processes

128. As set out in Chapter 9 of the consultation paper, we are preparing changes to the fund authorisations and registrations gateway. Existing fund managers and operators must already notify us when they make material change to their funds, and this will continue through new streamlined digital forms. We are making some amendments to our notification requirements, removing some (e.g. voting rights) and adding others (e.g. the dealing terms of a fund). While these proposals will affect fund managers and operators, material change notifications are infrequent, arising only when a major feature of the authorised or registered product has changed.

129. For managers applying to register or authorise new funds, we are developing digital forms which aim to improve the application process while capturing essential data on funds managed or marketed in the UK. These forms will capture information that changes infrequently, allowing the FCA to remove certain data requirements from ongoing FRAME reporting.

130. Given that firms are already required to notify material changes, the low frequency of such notifications, and the limited nature of the proposed amendments, we expect any incremental costs to be proportionate and of minimal significance.

Costs to the FCA

131. The FCA will incur costs to design, build, and operate the systems required to collect, ingest, and manage the new fund-level reporting data. One-off costs relate to developing and implementing the data reporting infrastructure, which we expect to cost approximately £3.2m based on initial outline estimates. In addition, the FCA will incur ongoing costs associated with operating the reporting platform, estimated at £26k per year over the appraisal period. These estimates relate only to the systems required to support data reporting under the proposals. The NPV of the costs to the FCA is equal to £3.42m over the 10-year appraisal period.

Benefits

Benefits to the FCA

132. The proposed reporting framework improves the FCA's ability to supervise the asset management sector by addressing material gaps in fund-level and firm-level data, particularly for UCITS funds and MIFID investment firms. Under the current framework, these segments provide limited or fragmented information, constraining the FCA's ability to monitor risks relating to, for example, liquidity, retail exposure, or the use of leverage.

133. Visibility ultimately leads to harm reduction; what supervisors cannot see and analyse, they cannot act upon. The benefit of visibility is that it enables market and consumer risk identification and mitigation throughout the asset management market. As such, there is not one single benefit, rather this proposal solves an upstream issue (data gaps) to enable the multiple benefits that can occur as a result of FCA supervisory activity. Improved visibility of UCITS funds supports more effective monitoring of retail-facing risks, while enhanced reporting for MIFID firms provides a more coherent view of activities across services, clients and geographies.

134. The essential and enhanced requirements were developed through structured engagement with FCA supervisors and are targeted at known supervisory risks, including liquidity risk, concentration risk, systemic risk, fair value risk, conflict of interest risk, and inappropriate investment for retail investors. The focus on supervisor-tested data fields when developing the proposed data reporting, improve the breadth, depth and interpretability of fund-level information.

135. Improved data quality and coverage support earlier identification of emerging risks and more proportionate supervisory engagement with the industry. While improved data cannot be assumed to prevent specific market shocks, it materially improves the FCA's ability to prioritise supervisory effort, identify areas of concern, and focus interventions on funds that pose greater potential risks to market integrity or consumers.

136. Taken together, the proposals improve the effectiveness and efficiency of FCA supervision by:

- Enabling more proportionate, risk-based supervisory prioritisation through earlier identification of emerging risks.
- Enabling supervisors to broaden coverage of the fund population through systemic, data-driven analysis, improving the FCA's ability to identify and prioritise potential risks across a wider set of funds without proportional increases in supervisory resource.
- Reducing the FCA's reliance on ad hoc collections of or third-party data, aligning ourselves with comparable international supervisory regimes.

137. We have considered various ways to quantify the supervisory benefits to the FCA, for example by estimating the scale of harm reduction required to offset the ongoing reporting costs of the proposals. However, such an approach would rely on strong assumptions about the causal relationship between data availability, supervisory intervention, and avoiding or mitigating specific harms. These relationships are not directly observable.

Other non-quantified benefits

138. We expect additional benefits from simplifying and removing existing reporting requirements. These benefits are likely to be modest in scale relative to the overall CBA conclusions.

139. First, improvements to reporting design are expected to reduce the volume of complex firm queries relating to existing AIFMD returns, generating efficiency savings for both firms and the FCA. In the past 2 years, the FCA has received approximately 1,200 firm queries on AIFMD obligations, of which around 780 related to the AIF001 and AIF002 returns. These queries often reflect complexity, ambiguity, or lack of alignment between reporting requirements and the firms' internal systems. By simplifying reporting templates, reducing the number of data fields, and aligning data requirements more closely with information firms already produce, the proposed framework is expected to reduce the need for clarification and interpretation, thereby lowering the volume of queries over time. This would reduce administrative burden for firms and reduce FCA resources spent responding to complex reporting-related queries.

140. Second, we propose to remove the requirement under DISC 3.5.1R to submit product summaries to the FCA, as periodic reporting would replicate the relevant information. Analysis of FCA management information suggests this requirement generates around 31,000 email submissions per year. While firms would continue to produce product summaries for consumer disclosures, they would no longer incur the administrative cost of submitting these to the FCA.

141. Finally, we propose to decommission reports where equivalent information is captured through the new reporting framework. The benefit of removing AIF002 is accounted for in the analysis of costs and benefits for AIFs above. Further, we expect benefits from removing the requirement to report:

- AIF001: c. 2,350 annual notifications.
- FSA042: c. 100 submissions.

Wider economic impacts, including on secondary objective

142. The proposals could generate wider economic benefits by improving the resilience and efficiency of UK wholesale markets, although the impacts are challenging to measure.

143. Improvements in data quality and coverage support more effective, risk-based supervision and market oversight. This helps maintain orderly markets, supports confidence among investors and market participants, reduces the risk and potential severity of harm to consumers and markets, and supports the effective functioning of the UK asset management sector, contributing to sustainable economic growth.

144. By streamlining and modernising fund reporting requirements, the proposals could improve regulatory efficiency by reducing unnecessary compliance burdens. Any time and resources saved by firms may be redeployed towards more productive activities, supporting higher financial services productivity.

145. The introduction of a UCITS reporting regime is not expected to result in a material net increase in regulatory burden relative to other jurisdictions. Our proposed UCITS reporting framework would remain broadly comparable with those in other major jurisdictions, including the EU and the US, supporting the UK's attractiveness as a location for asset management activity.

Risks and uncertainties

146. The main sources of uncertainty affecting the expected costs and benefits relate to changes in reporting costs and the scale of benefits to the FCA from improved data quality and coverage.

Sensitivity analysis on reporting costs

147. The main drivers of the quantified ongoing costs and benefits are the baseline cost estimate, changes in reporting frequency, and the assumed reduction in reporting costs from moving from baseline to essential reporting. Hence, the overall NPV is sensitive to key modelling inputs and assumptions.

148. There are two main parameters that determine the size of the ongoing fund- and firm-level impacts:

- The baseline AIF reporting costs estimate (see 'Baseline cost estimate' section).
- The reduction in reporting burden between the baseline and the proposed essential reporting requirement, calculated as 90.8% (see 'Chance in effort from baseline reporting' section).

149. Uncertainty in the baseline cost estimate is reflected in the range of per-filing costs derived from our survey of firms. We model variation within the sample by applying a range of costs estimates throughout the CBA, represented using the 25-75 interquartile range.

150. While the baseline cost estimates reflect firms' actual reporting practices, the estimated reduction in reporting effort is calculated via a structured comparison of reporting templates. As a result, there is uncertainty around both:

- The effective reduction in reporting effort.
- The extent to which reductions in reporting effort translate into realised cost savings.

151. To address this uncertainty, we conduct sensitivity analysis across these two dimensions by varying both the assumed reduction in reporting effort and the rate at which these reductions translate into realised cost savings. This allows us to assess the sensitivity of the proposals' NPV to alternative assumptions regarding cost reduction and pass-through. The table below presents the alternative parameter assumptions and the implied effective reductions in reporting costs used in the model. These parameter combinations are then applied to estimate the resulting NPV of the proposals.

Table 21: Sensitivity analysis, alternative reporting effort and cost realisation rates

		Reduction in effort		
		90%	70%	50%
Realised cost savings	100%	90%	70%	50%
	80%	72%	56%	40%
	60%	54%	42%	30%

152. The results in the table below present the estimated NPV of the proposals over the 10-year appraisal period, discounted at 3.5% in line with standard CBA assumptions.

The estimates capture the ongoing fund- and firm-level impacts associated with the proposed reporting requirements, excluding one-off implementation costs and other impacts not directly related to reporting activity. Values are expressed in GBP millions.

Table 22: Sensitivity analysis, NPV (£m) of ongoing fund- and firm-level impacts under alternative assumptions

		Reduction in effort		
		90%	70%	50%
Realised cost savings	100%	1,079 (1,008 to 2,139)	691 (646 to 1,370)	303 (283 to 601)
	80%	730 (682 to 1,447)	419 (392 to 831)	109 (102 to 216)
	60%	381 (356 to 754)	148 (138 to 293)	-85 (-79 to -168)

Results are formatted as: "Alternative NPV estimate (Lower bound to Upper bound)"

153. Under these scenarios, NPV remains positive across a wide range of parameter values. As expected, lower assumed reductions in reporting effort and lower realised cost savings reduce the estimated benefits. However, the NPV is only negative in the most conservative case presented, where the reduction in effort is 50% and only 60% of this is realised as cost savings. This scenario represents a significant departure from the central assumptions and would imply that only a limited portion of estimated efficiency gains is reflected in actual cost savings.

154. The sensitivity analysis can also be interpreted in terms of a break-even threshold for the effective reduction in reporting costs required for the proposals to yield a non-negative NPV. Based on the model, the break-even threshold is estimated at approximately -34.4%.

155. This indicates that the proposals would remain net beneficial so long as firms realise cost savings of approximately one-third from the proposed essential requirement relative to the current reporting costs. This is substantially below the central estimate of a 90.8% reduction in reporting effort. As a result, the proposals would only become net costly if the realised reduction in reporting costs were significantly lower than implied by our central analysis.

156. The rate of report submission also affects the overall magnitude of costs and savings. However, as changes to submission rates affect both AIF reporting savings and UCITS reporting costs proportionately, we do not test sensitivity to this parameter separately.

Risks to benefits to the FCA

157. In designing the reporting framework, trade-offs between data coverage and quality were made. In this section we discuss some potential risks to identifying potential harm in the market.

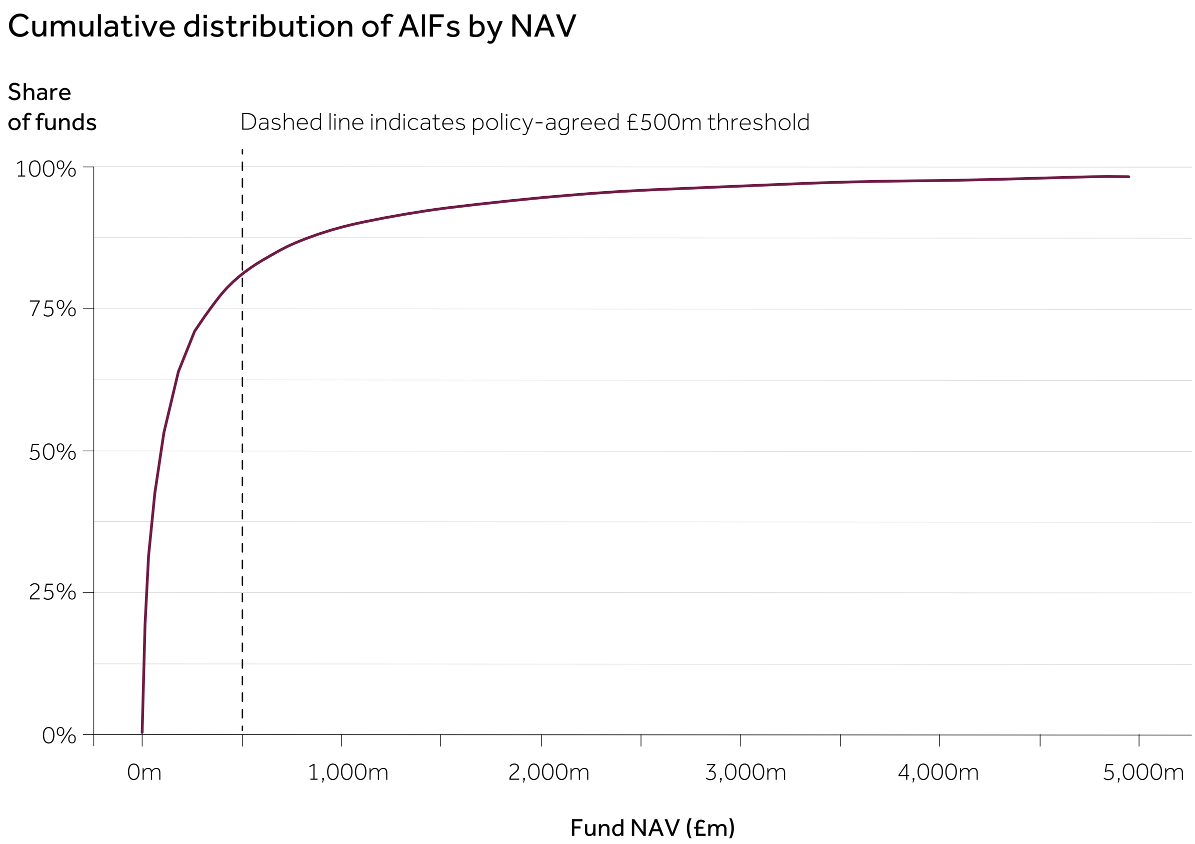
158. Overall, AIF data coverage and quality are expected to improve, enhancing market visibility. However, the breadth of data collected for smaller AIFs will be reduced as these funds move to essential reporting requirement. The threshold, set out in the CP, that dictates which funds complete essential reporting and which complete enhanced reporting could limit visibility over smaller funds, including some that may pose risk. The risk of reduced visibility is highest for funds just below the threshold.

159. By setting the threshold at £500m NAV, we capture 88% of the total NAV and 19% total AIFs in the market. Around 80% of AIFs will no longer report full set of data fields, albeit some data points currently have material validation issues.

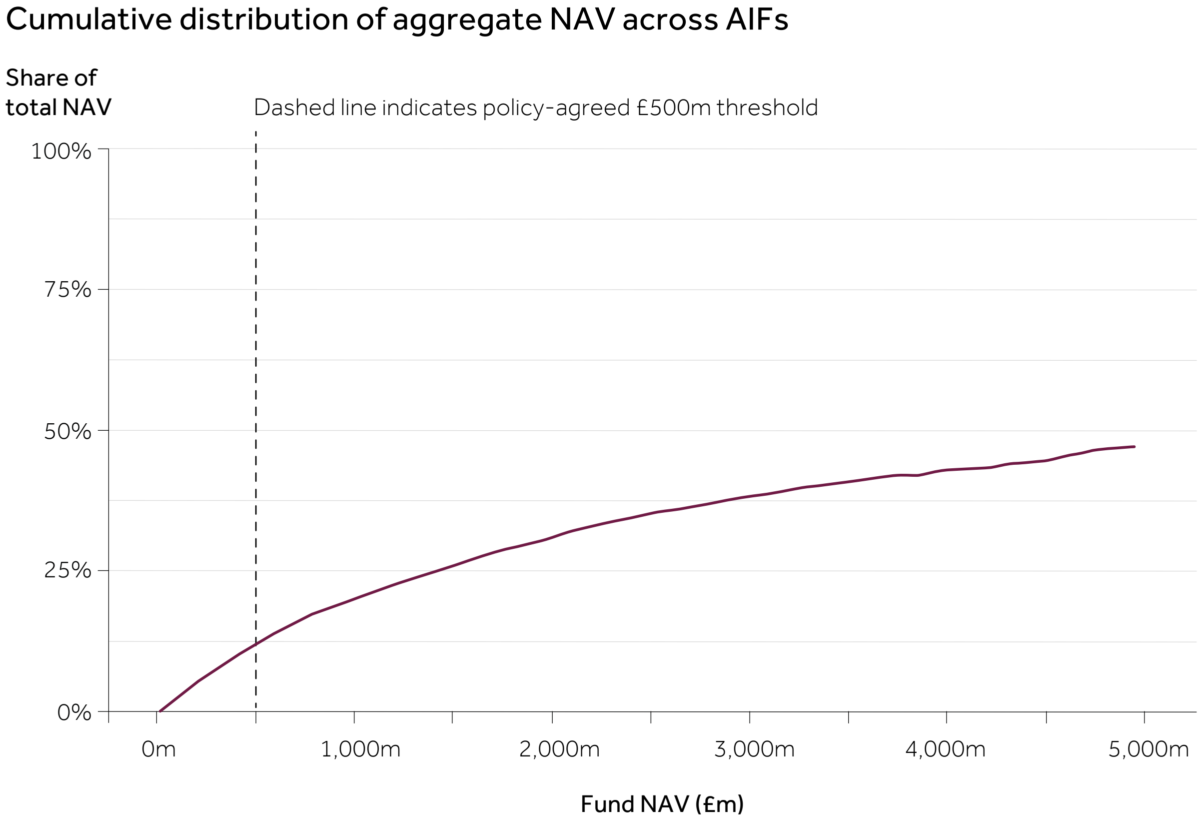
160. We are only requiring funds over £500m to breakdown their investor data into discrete categories (e.g. insurers, banks, family office) and only requiring funds under £500m to report where they have direct retail investors. This is an example of where we are only collecting the essential data for smaller funds and accepting some risk by excluding non-essential data.

Figure 3: Cumulative distribution of AIFs

Panel A: Cumulative distribution of AIFs by NAV



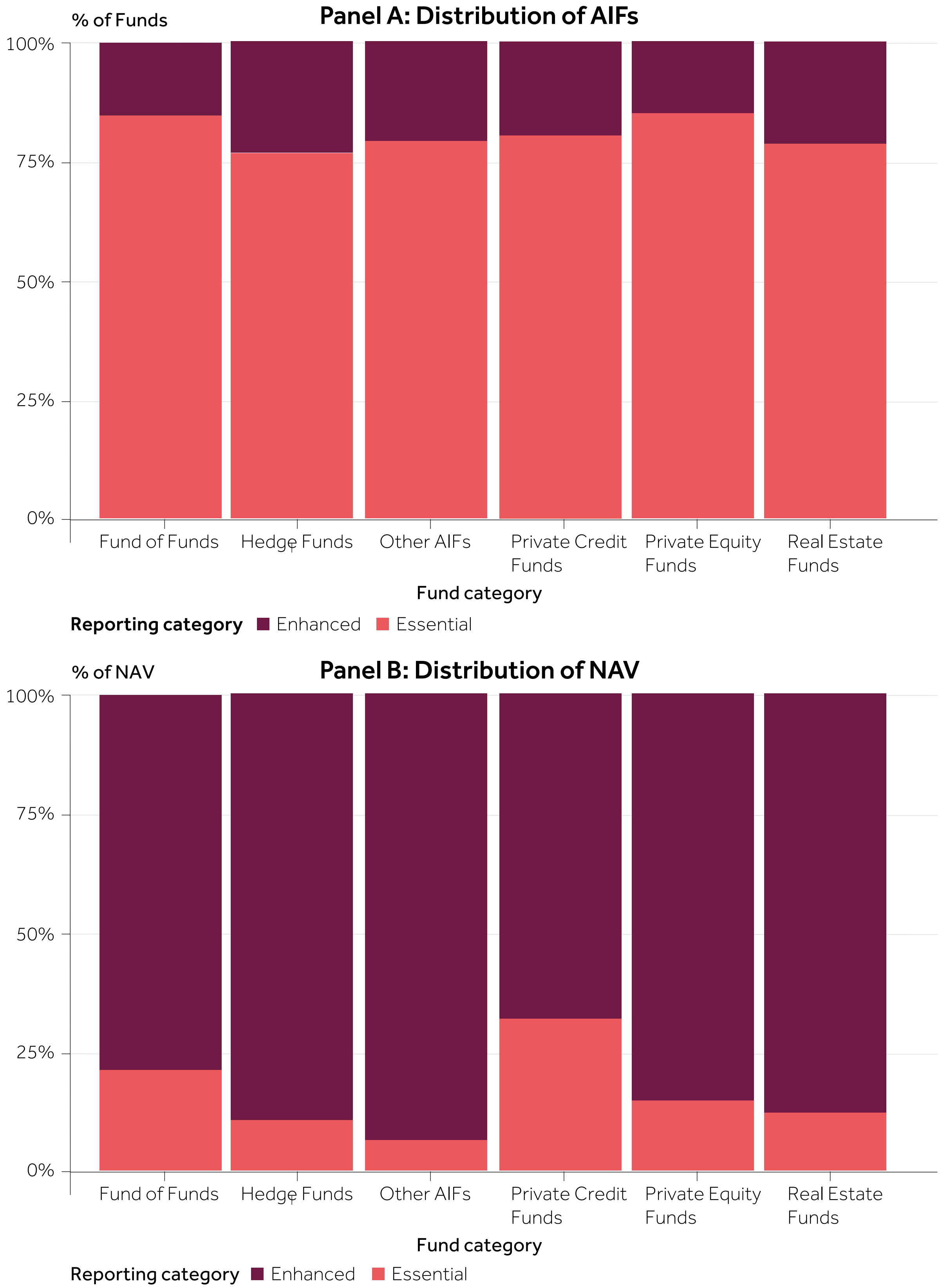
Panel B: Cumulative distribution of aggregate NAV across AIFs



161. The proportion of funds subject to enhanced reporting is broadly consistent across fund types, at around 15% to 20% by fund count, while enhanced reporting captures the majority of total NAV across all fund types. NAV coverage varies more than fund count by AIF type, reflecting differences in average fund size. Enhanced reporting covers around 70% of total NAV for private credit funds and close to 90% for hedge funds, with coverage of at least around 80% across the remaining categories. The relatively lower NAV coverage for identified private credit funds[1] reflects a larger population of mid-sized and smaller funds, resulting in a greater share of assets remaining below the enhanced reporting threshold. Whilst we will collect the essential liquidity, leverage and performance data for funds under £500 million, we will only collect private market valuation data from larger funds.

1 Our AIFMD regulatory data does not allow us to identify private credit funds directly. We therefore use a multi-stage process to classify private credit funds. This approach is deliberately conservative and may not capture all private credit funds. Further details of the identification process will be set out in our forthcoming Research Note on the AIF market.

Figure 4: Distribution of AIFs and NAV by reporting category and fund type



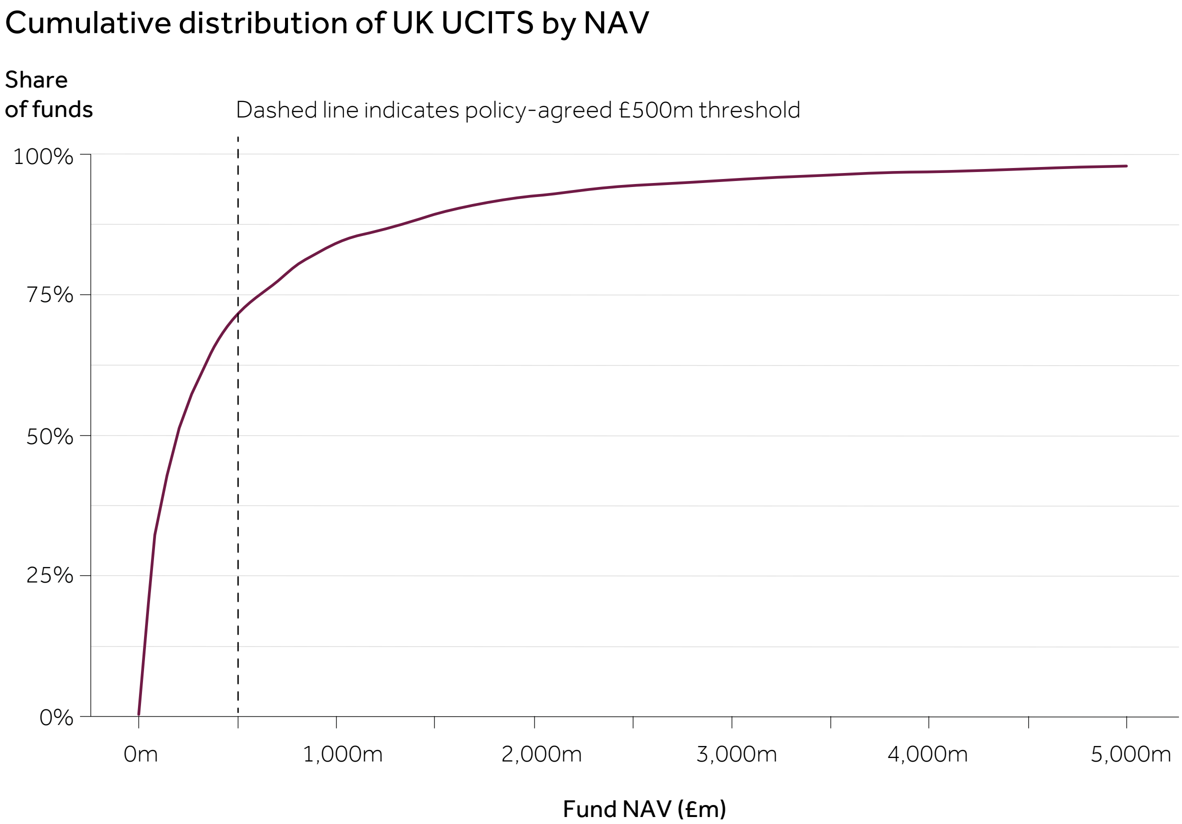
Source: AIFMD reporting

Note: Our AIFMD regulatory data does not allow us to identify private credit funds directly. We therefore use a multi-stage process to classify private credit funds. This approach is deliberately conservative and may not capture all private credit funds. Further details of the identification process will be set out in our forthcoming Research Note on the UK AIF market.

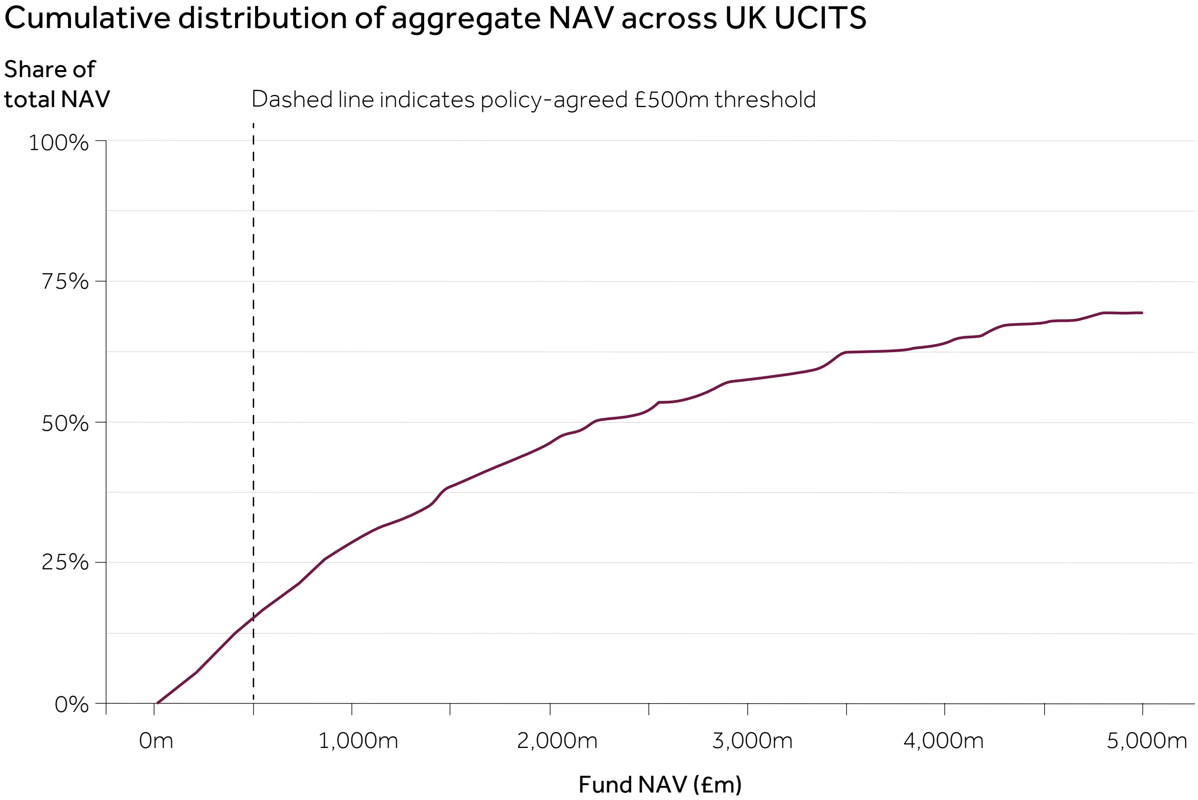
162. UCITS coverage and quality are expected to improve significantly, enhancing market visibility. By setting the threshold at £500m NAV, we capture 85% of the total UK-managed NAV and 29% total UK-managed UCITS in the market. Whilst we will go from receiving almost no reporting from UK UCITS, to receiving material reporting, there are some data points we have chosen not to require, in order to preserve simplicity and proportionality including, for example, gross and net returns for every share class.

Figure 5: Cumulative distribution of UCITS funds

Panel A: Cumulative distribution of UCITS funds



Panel B: Cumulative distribution of NAV of UCITS funds



163. As with all data reporting frameworks, there remains a risk that poor data quality could limit effective risk visibility, as is the case under the current framework. This risk will be mitigated through pre-testing with firms ahead of implementation. In addition, the reporting framework places greater emphasis on the collection of raw data rather than derived or calculated figures, which is expected to improve consistency in reported data.

Monitoring and evaluation

164. There are several criteria against which we would consider the design and implementation of the reporting framework in the CP a success:

- Supervisors can identify more risks, more easily, and make interventions earlier due to improved data quality, consistency and relevance.
- Supervisors can assess significantly more funds for risk in a given time period than the current supervisory model without significant increases to headcount.
- Firms reduce their financial and time costs from reporting as a result of the new framework.
- Firms can switch from current reporting requirements to the new reporting framework with relative ease and once they make the switch, the system is easier to use than at present.

165. We intend to monitor supervisory activity, not necessarily for increased volume of cases, but for improved utility of data in risk identification and mitigation through the existing Wholesale Buy Side quarterly portfolio oversight process. This would feature systematic, data-driven scanning of the fund population to support earlier and broader risk identification.

166. We intend to engage with firms to understand how their cost of compliance may be improved because of our proposed changes. We are keeping all engagement options under review, including surveys, forums, and bilateral discussions.

167. We plan to develop an example version of the reporting framework for firms to test, following our analysis of consultation responses and before the publication of a policy statement with final rules. This will allow us to assess the practicality of the new framework for firms and make adjustments where necessary before publication. After publication, further engagement and testing will be conducted.

Consultation with the FCA Cost Benefit Analysis Panel

168. We have consulted the independent CBA Panel in the preparation of this CBA in line with the requirements of s138IA(2)(a) the Financial Services and Markets Act (FSMA) 2000. A summary of the main group of recommendations provided by the CBA Panel and the measures we took in response to Panel advice is provided in the table below. In addition, we have undertaken further changes based on wider feedback from the CBA Panel on specific points of the CBA. The CBA Panel publishes a summary of their feedback on their website, which can be accessed here.

Table 23: CBA Panel feedback and our response

Panel feedback	Response
Explain more clearly how the proposed intervention will remedy the harms identified. The CBA should more clearly demonstrate the extent to which the harms described can be attributed to gaps or weaknesses in existing data, which the proposed intervention is intended to remedy. Setting out a clearer causal link between improved data, changes in supervisory practice, and the mitigation of harm would support a more compelling rationale for intervention.	We have strengthened the attribution of harms to specific data gaps and enhanced the causal chain analysis to show how improved data enables earlier risk identification, more targeted supervisory action, and the mitigation of harm. This includes providing descriptive use cases in the paragraphs 28 – 30.

Panel feedback	Response
Address unquantified benefits through break-even analysis and a more systematic post-implementation evaluation plan. Where benefits to the FCA and to consumers cannot be robustly quantified, the CBA should use break-even analysis to illustrate the outcomes needed for the benefits of the new regime to match the cost. This could include, for example, reductions in ad hoc data requests, fewer cases escalating into intensive supervision, or a reduction in the incidence or severity of market harms. Given that these benefits cannot currently be measured robustly, it would be helpful to set out a more detailed post-implementation evaluation plan. Collecting relevant indicators before and after implementation would help assess whether the regime is delivering the intended outputs, outcomes and/or benefits, and whether the requirements should subsequently be trimmed back or enhanced.	We have incorporated break-even analysis to illustrate the scale of cost reductions required for the proposals to remain net beneficial to firms, showing that benefits would exceed costs even under materially conservative assumptions (see paragraph 154). Given the challenges in robustly quantifying supervisory and consumer benefits without relying on strong assumptions about causal impacts, we have avoided monetisation but strengthened the qualitative case (see paragraphs 132 – 137). We have also expanded the 'Monitoring and Evaluation' section to set out how the FCA will assess the effectiveness of the regime post-implementation, including tracking supervisory usage, risk identification, and engagement with firms.
Improve transparency around evidence and key assumptions. The CBA should be clearer about the evidence used to support key modelling assumptions and the limitations of that evidence. In particular, where cost assumptions rely on survey evidence drawn from a small number of firms, the CBA should explain why this evidence is considered reasonable for the purposes of the analysis and where uncertainty remains. This includes providing clearer justification for assumptions that materially drive the results, such as the assumed reduction in reporting effort and the treatment of the existing AIF002 regulatory return as a proxy for enhanced reporting.	We have strengthened transparency around key modelling assumptions and the evidence underpinning them. We have provided clearer justification for the baseline cost estimates and the use of the AIF002 return as proxy for enhanced reporting (see paragraphs 68 – 75 and 79 respectively). We have clarified the derivation and interpretation of the estimated reduction in reporting effort (see paragraphs 89 – 96). Throughout, we have explicitly set out the limitations of the underlying evidence and discussed how we model uncertainty around key inputs. As part of this treatment of uncertainty, we include sensitivity analysis and present the break-even threshold reduction in reporting effort input. This illustrates the robustness of our conclusions under alternative assumptions.

Question 1: Do you agree with our estimates of the ongoing costs of fund-level reporting, including for AIFs, UCITS funds, UK MIFID managers, and residual CIS operators?

Question 2: For AIFMs, do you agree with our assessment of the reduction in reporting effort under the proposed framework, including the estimated reduction associated with the essential reporting requirement relative to the current AIFMD returns?

Question 3: Do you have any other comments on our cost benefit analysis?

Annex 3

Compatibility statement

Compliance with legal requirements

1. This Annex records the FCA's compliance with a number of legal requirements applicable to the proposals in this consultation, including an explanation of the FCA's reasons for concluding that our proposals in this consultation are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA).

2. When consulting on new rules, the FCA is required by section 138I(2)(d) FSMA to include an explanation of why it believes making the proposed rules (a) is compatible with its general duty, under section 1B(1) FSMA, so far as reasonably possible, to act in a way which is compatible with its strategic objective and advances one or more of its operational objectives, (b) so far as reasonably possible, advances the secondary international competitiveness and growth objective, under section 1B(4A) FSMA, and (c) complies with its general duty under section 1B(5)(a) FSMA to have regard to the regulatory principles in section 3B FSMA. The FCA is also required by section 138K(2) FSMA to state its opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.

3. This Annex also sets out the FCA's view of how the proposed rules are compatible with the duty on the FCA to discharge its general functions (which include rule-making) in a way which promotes effective competition in the interests of consumers (section 1B(4)). This duty applies in so far as promoting competition is compatible with advancing the FCA's consumer protection and/or integrity objectives.

4. In addition, this Annex explains how we have considered the recommendations made by the Treasury under section 1JA FSMA about aspects of the economic policy of His Majesty's Government to which we should have regard in connection with our general duties.

5. This Annex includes our assessment of the equality and diversity implications of these proposals.

6. Under the Legislative and Regulatory Reform Act 2006 (LRRA) the FCA is subject to requirements to have regard to a number of high-level 'Principles' in the exercise of some of our regulatory functions and to have regard to a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when exercising other legislative functions like making rules). This Annex sets out how we have complied with requirements under the LRRA.

The FCA's objectives and regulatory principles: Compatibility statement

7. These proposals aim to collect data that support the effective supervision of markets with the aim of identifying and mitigating market risk. Therefore, we consider these proposals are compatible with the FCA's strategic objective of ensuring that the relevant markets function well. For the purposes of the FCA's strategic objective, "relevant markets" are defined by section 1F FSMA.

8. The proposals set out in this consultation are primarily intended to advance the FCA's operational objective to protect and enhance the integrity of the UK financial system. They also aim to advance the FCA's secondary objective to facilitate the international competitiveness and growth of the UK economy in the medium to long term.

9. We also consider these proposals advance the FCA's integrity objective because they are designed to enhance the quality, consistency and usefulness of fund reporting data, strengthening our ability to generate actionable insights and prevent harm to UK financial markets. The proposals are designed to replace fragmented and inconsistent reporting requirements with a more coherent and proportionate framework that gives us better visibility of key areas. The proposals also support market integrity by improving the comparability of data across fund types, making better use of common identifiers such as LEIs, and aligning reporting more closely with the data needed for effective supervision. Where existing requirements are reduced or removed, we have done so in a way that preserves the information most relevant to monitoring risks to market integrity, while reducing unnecessary burden on firms. In summary, these reforms are intended to support clean, orderly, and resilient markets, fostering trust and confidence among market participants and underpinning the FCA's statutory objective to protect and enhance the integrity of the UK financial system.

10. We consider these proposals comply with the FCA's secondary objective of advancing competitiveness and growth because they would create a more streamlined, proportionate and efficient fund reporting framework. By replacing existing reporting requirements with a more coherent framework, the proposals would reduce unnecessary compliance costs, particularly for smaller funds, while improving the quality of the data the FCA receives. Our CBA indicates that the proposals would deliver substantial net benefits to firms overall, freeing up resources that can be redirected towards investment, innovation and improved services for investors. The FCA has also prioritised alignment with international standards and best practices, ensuring that UK rules remain compatible with evolving global frameworks. Where divergence from other jurisdictions is proposed, the FCA has carefully weighed the benefits to UK market participants against potential costs and has chosen options that maximise net benefits for the UK economy as a whole. This ensures that any divergence is justified by clear regulatory or economic benefits, and that sufficient alignment is maintained to avoid unnecessary complexity or barriers for cross-border firms. These proposals have been designed to make the UK's asset management sector more attractive, efficient, and internationally competitive, while supporting sustainable growth over the medium to long term.

11. In preparing the proposals set out in this consultation, the FCA has had regard to the regulatory principles set out in section 3B FSMA. The FCA has sought to ensure that any burdens or restrictions imposed by the proposed FRAME reporting requirements are proportionate to the expected regulatory benefits, as evidenced by the simplification of reporting requirements, the removal of unnecessary fields, and the introduction of a tiered and proportionate approach based on fund size and risk. The principle of using resources in the most efficient and economic way is reflected in the move to a more coherent and streamlined reporting framework, improving the quality and consistency of data to support more targeted, risk-based supervision. The proposals also recognise differences in the nature and objectives of businesses by tailoring requirements across fund types, structures and activities. Where a regulatory principle is not directly relevant—such as the general principle that consumers should take responsibility for their decisions, or the responsibilities of senior management—the FCA considers that the proposals do not depart from or undermine those principles. The consultation demonstrates transparency and accountability by clearly setting out the rationale for the proposals, inviting feedback from stakeholders, and including a detailed CBA and prototype reporting approach. Where environmental, social, and governance (ESG) considerations or equality and diversity issues are not materially impacted by the proposals, this is explicitly stated, and the FCA commits to keeping these issues under review.

The need to use our resources in the most efficient and economic way

12. This aligns with the FCA's strategic priority to be a smarter regulator, one that is proportionate, purposeful, and predictable. By streamlining rules that no longer serve their intended purpose, the proposals reduce unnecessary burdens on firms, focus regulatory attention on areas of greatest risk and value, and enable both the FCA and industry to allocate resources more efficiently. This approach supports a more agile and responsive regulatory framework, ensuring that requirements remain fit for purpose as markets evolve, and that the FCA can continue to deliver its objectives effectively in a rapidly changing environment.

The principle that a burden or restriction should be proportionate to the benefits

13. These proposals apply the principle that a burden or restriction should be proportionate to the benefits by carefully assessing the regulatory value of each reporting requirement and removing or adapting those that impose costs disproportionate to their utility. For example, the proposals simplify and rationalise existing fund reporting requirements by removing outdated returns, consolidating multiple forms into a simple, single framework, and introducing a tiered approach that limits more detailed reporting to larger funds that present greater risks, while reducing requirements for smaller funds. This proportionate approach is intended to support a more efficient, competitive, and growth-oriented regulatory environment.

The need to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) [and section 5 of the Environment Act 2021 (environmental targets)]

14. In developing this CP, we have considered the environmental, social and governance (ESG) implications of our proposals and our duty under sections 1B(5) and section 3B(1)

(c) of the Financial Services and Markets Act (FSMA) to have regard to contributing towards the Secretary of State achieving compliance with the net-zero emissions target under section1 of the Climate Change Act 2008 and environmental targets under section 5 of the Environment Act 2021. Overall, we do not consider our proposals are relevant to contributing to those targets.

15. We will keep this under review during the consultation period and when considering whether to make the final rules. In the meantime, we welcome your input on this.

The general principle that consumers should take responsibility for their decisions

16. The proposals do not depart from the general principle that consumers take responsibility for their decisions.

The responsibilities of senior management

17. Our proposals do not specifically relate to the responsibilities of senior management. Nevertheless, we have had regard to this principle and do not consider that our proposals undermine it.

The desirability of recognising differences in the nature of, and objectives of, businesses carried on by different persons including mutual societies and other kinds of business organisation

18. When making our proposals we have considered the nature and size of the firms that those proposed requirements would apply to, particularly where our rules differentiate between sizes or types of entities.

The desirability of publishing information relating to persons subject to requirements imposed under FSMA, or requiring them to publish information

19. We have developed our proposals with the intention of collecting, and publishing data that is aggregated and anonymised to support transparency.

The principle that we should exercise our functions as transparently as possible

20. By explaining the rationale for our proposals and the anticipated outcomes, the FCA has regard to this principle.

21. The consultation process itself, the publication of the Consultation Paper, and the commitment to publish responses and feedback, all support transparency. The FCA also proposes to provide more guidance and examples of this.

22. In formulating these proposals, the FCA has had regard to the importance of taking action intended to minimise the extent to which it is possible for a business carried on (i) by an authorised person or a recognised investment exchange; or (ii) in contravention of the general prohibition, to be used for a purpose connected with financial crime (as required by s 1B(5)(b) FSMA).

Expected effect on mutual societies

23. The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies.

Compatibility with the duty to promote effective competition in the interests of consumers

24. In preparing the proposals as set out in this consultation, we have had regard to the FCA's duty to, so far as it compatible with acting in a way which advances the consumer protection) objective or the integrity objective, promote effective competition in the interests of consumers.

25. We consider that by streamlining the fund reporting framework, we will reduce barriers to entry for investment firms, promoting effective competition for consumers, who may face lower fees to undertake transactions.

26. We have also kept the competition objective in mind when framing how these proposals should be implemented, with a particular focus on whether there is a risk of weakening competitive pressure, disadvantaging smaller firms and potential new entrants.

Equality and Diversity

27. We are required under the Equality Act 2010 in exercising our functions to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, and foster good relations between people who share a protected characteristic and those who do not.

28. As part of this, we ensure the equality and diversity implications of any new policy proposals are considered. The outcome of our consideration in relation to these matters in this case is stated in paragraph 2.11 of the Consultation Paper.

Treasury recommendations about economic policy

29. We have considered the recommendations made by the Treasury under s 1JA FSMA about aspects of the economic policy of His Majesty's Government to which we should have regard in connection with our general duties. In particular, we have had regard to the vital contribution of the financial services sector to overall economic growth and to creating a regulatory environment which facilitates growth. In line with the Treasury's remit letter, these proposals aim to streamline administrative burden and maintain high regulatory standards.

Legislative and Regulatory Reform Act 2006 (LRRA)

30. We have had regard to the principles in the LRRA for the parts of the proposals that consist of general policies, principles or guidance and consider that they comprise of general policies, principles, or guidance. Specifically, we have ensured that our approach is in line with the five LRRA principles, which state that regulatory activities must be:

- Transparent;
- Accountable;
- Proportionate;
- Consistent; and
- Targeted only at cases in which action is needed.

31. We acknowledge there is some overlap between these principles and the regulatory principles set out in FSMA. Throughout the development of these proposals, we have aimed to ensure that our regulatory activities are carried out in a manner that is open and clear to stakeholders, that we remain answerable for our actions, that our requirements are appropriate and not excessive, that we maintain uniformity in our approach, and that intervention is focused solely where necessary. This approach underpins our commitment to effective, fair, and responsible regulation.

32. We have had regard to the Regulators' Code for the parts of the proposals that consist of general policies, principles or guidance.

Annex 4

Abbreviations in this document

Abbreviation	Description
ACS	Authorised Contractual Scheme
AIF	Alternative Investment Fund
AIFM	Alternative Investment Fund Manager
AIFMD	Alternative Investment Fund Managers Directive
AIFMR	Alternative Investment Fund Managers Regulations
AMF	Autorité des Marchés Financiers
AUT	Authorised Unit Trust
AUM	Assets under management
CBA	Cost benefit analysis
CBI	Central Bank of Ireland
CCI	Consumer Composite Investments
CCP	Central Clearing Counterparty
CSSF	Commission de Surveillance du Secteur Financier
CDS	Credit Default Swap
CFTC	Commodity Futures Trading Commission
CIS	Collective Investment Scheme
CIU	Collective Investment Undertakings
CP	Consultation Paper
CPMI	Collective Portfolio Management Investment
EANDCB	Equivalent Annual Net Direct Cost to Business

Abbreviation	Description
EBR	Event-based Reporting
EBRT	Event-based Reporting Trigger
ESMA	European Securities and Markets Authority
ESG	Environmental, social and Governance
ETF	Exchange-Traded Fund
FAIF	Fund of Alternative Investment Funds
FRAME	Fund Reporting for Asset Management Entities
FSB	Financial Stability Board
FSMA	Financial Services and Markets Act
FUM	Funds under management
GLEIF	Global Legal Entity Identifier Foundation
HMT	His Majesty's Treasury
ICARA	Internal Capital Adequacy and Risk Assessment
IOSCO	The International Organization of Securities Commissions
IRR	Internal Rate of Return
ISIN	International Securities Identification Number
KID	Key Information Document
KIID	Key Investor Information Document
LEI	Legal Entity Identifier
LOU	Local Operating Unit
LRRA	Legislative and Regulatory Reform Act
LTAF	Long-term Asset Fund
MIFID	Markets in Financial Instruments Directive
MIFIR	Markets in Financial Instruments Regulation

Abbreviation	Description
MMF	Money Market Fund
MOIC	Multiple on Invested Capital
NAV	Net Asset Value
NBFI	Non-Bank Financial Institutions
NPPR	National Private Placement Regime
NPV	Net Present Value
NURS	Non-UCITS Retail Scheme
OFR	Overseas Fund Regime
OPERA	Open Protocol Enabling Risk Aggregation
PRA	Prudential Regulation Authority
QIS	Qualified Investor Scheme
RVECA	Registered Venture Capital Fund
SEC	Securities and Exchange Commission
SEF	Social Entrepreneurship Fund
SFTR	Securities Financing Transactions Regulation
SONIA	Sterling Overnight Index Average
SWES	System-wide Exploratory Scenario
The Bank	Bank of England
UCITS	Undertakings for Collective Investment in Transferable Securities
VaR	Value at Risk
WAS	Weighted Average Spread
XML	Extensible Markup Language

Appendix 1

Fund Reporting for Asset Management Entities

FUND REPORTING FOR ASSET MANAGEMENT ENTITIES INSTRUMENT 202X

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the following powers and related provisions in or under:

(1) the following sections of the Financial Services and Markets Act 2000 ("the Act"):

(a) section 137A (The FCA's general rules);
(b) section 137T (General supplementary powers);
(c) section 139A (Power of the FCA to give guidance);
(d) section 247 (Trust scheme rules); and
(e) section 261I (Contractual scheme rules);

(2) regulation 6(1) (FCA rules) of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228); and

(3) the following powers in the [Alternative Investment Fund Managers Regulations 2026:

(a) regulation 18 (Directions to RVECA and SEF Managers to provide information); and
(b) section 59 (FCA rules specifying information and reporting requirements)].

B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on [*date*].

Amendments to the Handbook

D. The modules of the FCA's Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below.

(1)	(2)
Glossary of definitions	Annex A
Supervision manual (SUP)	Annex B
Collective Investment Schemes sourcebook (COLL)	Annex C

Notes

E. In the Annexes to this instrument, the notes (indicated by "**Note:**" or "*Editor's note*:") are included for the convenience of readers but do not form part of the legislative text.

Citation

F. This instrument may be cited as the Fund Reporting for Asset Management Entities Instrument 202X.

By order of the Board
[*date*]

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

[*Editor's note*: This Annex takes into account the proposals and legislative changes suggested in the consultation papers 'Updating the regime for Money Market Funds' (CP23/28) and 'The UK AIFM Regime' (CP26/28) as if they were made final.]

asset management entity	any of the following: (a) an *authorised UK AIFM*; (b) a *UCITS management company*; (c) a *residual CIS operator*; (d) a *SEF or RVECA manager*; (e) the *operator* of a *recognised scheme*; (f) a *third country AIFM* which has given written notification to the *FCA* under regulation 49 of the *AIFM Regulations*; and (g) a *segregated portfolio manager or adviser*.
hedge fund	(in *SUP*) an *unauthorised AIF* which is an *open-ended AIF* in relation to which both (a) and (b) are satisfied: (a) a *person* involved in the management of the *AIF* or the selection of *investments* (whether delegated or otherwise) is entitled to be paid a performance fee or allocation calculated wholly or partly by reference to unrealised gains even if such a fee or allocation is not payable for a particular period; and (b) it is possible for the exposure of the *AIF* to be increased by either borrowing cash or *securities* in an amount in excess of half of the *AIF's NAV* or embedding *leverage* in derivative positions in excess of twice the *AIF's NAV*.

[*Editor's note*: For convenience, the definition of 'hedge fund' is also included in the draft Fund Reporting for Asset Management Entities (No 2) Instrument 202X, which also forms part of this consultation.]

nil return fund report	(a)	the information in (b) which must be reported by: (i) a *UK UCITS management company* of a *UCITS scheme*; or (ii) the *AIFM* of an *AIF*, which in either case does not have investors and which has not made any investments at the end of the relevant reporting period; and
	(b)	the information to be reported is: (i) *SUP* 16 Annex 63.2R(1) to (5); and (ii) *SUP* 16 Annex 63.2R(6)(a).
segregated portfolio manager or adviser	(a)	a *firm* that is *advising on investments* to a client in (c); or
	(b)	a *firm* that is *managing investments* that are *designated investments* for a client in (c); and
	(c)	the clients referred to in (a) and (b) are: (i) a *UCITS*, or a *UK UCITS management company* or an *EEA UCITS management company* for or on behalf of a *UCITS*; (ii) an *AIF* or an *AIFM* for or on behalf of an *AIF*; (iii) a *residual CIS* or a *residual CIS operator* for or on behalf of a *residual CIS*; (iv) the operator, administrator or trustees of a *personal pension scheme*, *stakeholder pension scheme*, *occupational pension scheme, welfare trust* or *OPS collective investment scheme*, or their agents, in relation to assets held for the purposes of those schemes, and: (A) including a *pre-set investment portfolio*; and (B) excluding assets held for the purposes of a *SIPP* or *SSAS* where the member of the scheme has appointed their own discretionary manager or adviser to manage, or advise the member on, the assets in the scheme, or to advise or manage for

the operator or trustee in relation to that member's interests in the scheme;

(v) an *insurer* (including, for the avoidance of doubt, a *reinsurer*) or their agents, in relation to:

(A) a *linked fund*;

(B) a *with-profits fund*;

(C) a combination of *investments* which is selected by a *firm* and offered to its *clients* as a single investment option or a ready-made investment portfolio; or

(D) assets that are held for the *insurer's* own account; or

(vi) any *recognised scheme*, or an *operator* for or on behalf of a *recognised scheme*.

Amend the following definitions as shown:

feeder fund	(in *ESG*, *SUP* and *DISC*) any of the following:
	…
master fund	(in *ESG*, *SUP* and *DISC*) any of the following:
	…
NAV	…
	(2) …
	(3) (in *SUP*) the *net asset value* of a *UCITS*, *AIF* or *residual CIS*.
valuation point	(in *COLL* and *SUP* 16) a *valuation point* fixed by the *authorised fund manager* for the purpose of *COLL* 6.3.4R (Valuation points), *COLL* 8.5.9R (Valuation, pricing and dealing) or *COLL* 15.8.2R (Valuation, pricing and dealing) or, in the case of a *regulated money market fund*, the applicable requirements of article 29 to article 32 of the *Money Market Funds Regulation*.

Annex B

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

[*Editor's note*: This Annex takes into account the proposals and legislative changes suggested in the following consultation papers as if they were made final:

- 'Updating the regime for Money Market Funds' (CP23/28);
- 'Improving the UK transaction reporting regime' (CP25/32); and
- 'The UK AIFM Regime' (CP26/28).

This Annex also takes into account the changes introduced by:

- the Notification of Third Party Arrangements and Operational Incident Reporting Instrument 2026 (FCA 2026/6), which comes into force on 18 March 2027; and
- the Glossary (Cryptoassets) Instrument (FCA 2026/35) and the Cryptoassets (Conduct and Firm Standards) Instrument 2026 (FCA 2026/44), which come into force on 25 October 2027.]

16 Reporting requirements

16.1 Application

…

16.1.1C G ~~The directions and *guidance* in *SUP* 16.18 apply for the following types of *AIFM*:~~ [deleted]

~~(1) a *small registered UK AIFM*;~~

~~(2) an *above-threshold non-EEA AIFM marketing* in the *UK*; and~~

~~(3) a *small non-EEA AIFM marketing* in the *UK*.~~

…

16.1.1G R …

16.1.1H G The directions and *guidance* in *SUP* 16.36 apply to a *SEF or RVECA manager*.

…

Application of different sections of SUP 16 (excluding SUP 16.13, SUP 16.15, SUP 16.22 and SUP 16.26)

16.1.3 R

(1) Section(s)	(2) Categories of firm to which section applies		(3) Applicable rules and guidance
…			
~~*SUP* 16.18~~ [deleted]	~~A *full-scope UK AIFM* and a *small authorised UK AIFM*~~		~~*SUP* 16.8.3R~~
…			
SUP 16.35	…		…
SUP 16.36	(1)	an *authorised UK AIFM*;	*SUP* 16.36.6R to *SUP* 16.36.8R and (in relation to a *hedge fund* that has a *NAV* of £500m or more) *SUP* 16.36.21R
	(2)	a *UK UCITS management company*;	*SUP* 16.36.9R to *SUP* 16.36.11R
	(3)	a *residual CIS operator*;	*SUP* 16.36.12R and *SUP* 16.36.13R
	(4)	a *segregated portfolio manager or adviser*;	*SUP* 16.36.14R and *SUP* 16.36.15R
	(5)	a *third country AIFM* that has given written notification to the *FCA* under *regulation 49* of the *AIFM Regulations*; or	*SUP* 16.36.16R to *SUP* 16.36.18R
	(6)	an *operator* of a *recognised scheme.*	*SUP* 16.36.19R and *SUP* 16.36.20R
…			
Note 3	The application of ~~*SUP* 16.18~~ *SUP* 16.36 for the types of *AIFMs* specified in ~~*SUP* 16.1.1CG~~ *SUP* 16.1.1HG is set out in ~~*SUP* 16.18.2G~~ *SUP* 16.36.1G.		

…

16.3 General provisions on reporting

…

Structure of the chapter

16.3.2 G This chapter has been split into the following sections, covering:

…

(15) ~~*AIFMD* reporting (*SUP* 16.18);~~ [deleted]

…

(29) retail banking business models reporting (*SUP* 16.34);~~ and~~

(30) cryptoasset regulatory reporting (*SUP* 16.35)~~.~~; and

(31) fund reporting for asset management entities (FRAME) (*SUP* 16.36).

…

SUP 16.18 (AIFMD reporting) is deleted in its entirety. The deleted text is not shown but the section is marked [deleted] as shown below.

16.18 ~~AIFMD reporting~~ [deleted]

Insert the following new section, SUP 16.36, after SUP 16.35 (Cryptoasset regulatory reporting). The text is new and is not underlined.

16.36 Fund reporting for asset management entities (FRAME)

Application

16.36.1 G (1) This section applies to an *asset management entity* in accordance with (3).

(2) As defined in the *Glossary*, an *asset management entity* includes:

(a) an *authorised UK AIFM*;

(b) a *UK UCITS management company*;

(c) a *residual CIS operator*;

(d) a *SEF or RVECA manager*;

(e) a *segregated portfolio manager or adviser*;

(f) a *third country AIFM* that has given written notification to the *FCA* under *regulation 49* of the *AIFM Regulations*; and

(g) an *operator* of a *recognised scheme*.

(3) This table belongs to (1).

Type of asset management entity	Type of fund or portfolio	Rules or directions	Relevant SUP Annex
SEF or RVECA manager	*SEF(s)*/ *RVECA(s)*	*SUP* 16.36.4D and *SUP* 16.36.5D	*SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements)
Authorised UK AIFM	*AIF(s)* that are managed by the *AIFM* that have a *NAV* of under £500m	*SUP* 16.36.6R to *SUP* 16.36.8R	*SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements)
	AIF(s) that are managed by the *AIFM* that have a *NAV* of £500m or more	*SUP* 16.36.6R to *SUP* 16.36.8R	*SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements), *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements)

			and *SUP* 16 Annex 65 (Fund reporting for asset management entities (FRAME) event-based reporting relating to hedge funds) may also be relevant
UK UCITS management company	*UK UCITS* that have a *NAV* of under £500m	*SUP* 16.36.9R to *SUP* 16.36.11R	*SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements)
	UK UCITS that have a *NAV* of £500m or more	*SUP* 16.36.9R to *SUP* 16.36.11R	*SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) and *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements)
Residual CIS operator	*Collective investment scheme(s)*	*SUP* 16.36.12R and *SUP* 16.36.13R	*SUP* 16 Annex 66 (Fund reporting for asset management entities

			(FRAME) reporting by a residual CIS operator)
Segregated portfolio manager or adviser	See *SUP* 16 Annex 67 (Fund reporting for asset management entities (FRAME) reporting by a segregated portfolio manager or adviser) for details of the information that must be reported	*SUP* 16.36.14R and *SUP* 16.36.15R	*SUP* 16 Annex 67 (Fund reporting for asset management entities (FRAME) reporting by a segregated portfolio manager or adviser)
Third country AIFM that has given written notification to the *FCA* under *regulation 49* of the *AIFM Regulations*	*Unauthorised AIF(s) marketed* in the *UK* with a *NAV* of under £500m	*SUP* 16.36.16R to *SUP* 16.36.18R	*SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements)
	Unauthorised AIF(s) marketed in the *UK* with a *NAV* of £500m or more	*SUP* 16.36.16R to *SUP* 16.36.18R	*SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements), *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced

			reporting requirements) and *SUP* 16 Annex 65 (Fund reporting for asset management entities (FRAME) event-based reporting relating to hedge funds) may also be relevant
Operator of a *recognised scheme*	*Recognised scheme(s)*	*SUP* 16.36.19R and *SUP* 16.36.20R	*SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements)
Note: Where the *asset management entity* in column (1) is managing, operating or advising an *MMF*, it is not required to report information relating to that *MMF* under the *rules* specified in the table. The relevant reporting requirements are set out in the *Money Market Funds Regulation*.			

Application to MMFs

16.36.2 R An *authorised UK AIFM*, a *UK UCITS management company*, a *third country AIFM* and the *operator* of a *recognised scheme* are not required to report information to the *FCA* under *SUP* 16.36 or *SUP* 16 Annex 63 to *SUP* 16 Annex 65 in relation to any *fund* that is an *MMF*.

Purpose

16.36.3 G This section sets out the reporting requirements that apply to *asset management entities*, including the information that must be provided in the Funds Information Report submitted to the *FCA* by the entity and the end dates for reporting periods.

Regular reporting by a SEF or RVECA manager

16.36.4 D (1) Subject to (2), in order to comply with the directions given by the *FCA* under regulation 18 of the *AIFM Regulations*, a *SEF or RVECA manager* must submit the Funds Information Report containing the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) for each *SEF* or *RVECA* that it manages.

(2) Where a *SEF* or *RVECA* has been registered but does not have investors and the *SEF or RVECA manager* has not yet made any investments on behalf of the *AIF* at the end of a reporting period, the *SEF or RVECA manager* may submit a *nil return fund report* for that reporting period.

(3) A *SEF or RVECA manager* may choose to report the additional information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements).

16.36.5 D The reporting period of a *SEF* or *RVECA* must end on 31 December in each calendar year and a *SEF or RVECA manager* must submit the Funds Information Report to the *FCA* not later than 120 *days* after the end of the reporting period.

Regular reporting by an authorised UK AIFM

16.36.6 R (1) Subject to (3) and (4), an *authorised UK AIFM* must submit a Funds Information Report containing the following information in relation to an *AIF* within (2):

(a) for every *AIF*, the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements); and

(b) in addition to (a), for each *AIF* with a *NAV* of £500m or more as at the end of the last *business day* of the reporting period, the information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements).

(2) An *AIF* is within this paragraph if it is:

(a)

(i) a *UK AIF* or *non-UK AIF* that is managed by the *authorised UK AIFM*;

(ii) a *feeder AIF* that is a *UK AIF* or *Gibraltar AIF*, the *master AIF* of which is either:

(A) managed by *third country AIFM*; or

(B) a *third country AIF*,

and which the *authorised UK AIFM* has notified to the *FCA* under regulation 48 of the *AIFM Regulations*; or

(iii) a *third country AIF* that the *authorised UK AIFM* has notified to the *FCA* under regulation 48 of the *AIFM Regulations*; and

(b) not a *UK AIF* that is a *feeder AIF*, the *master AIF* of which is managed by an *authorised UK AIFM*.

(3) Where a *fund* has been launched but does not have investors and the *authorised UK AIFM* has not yet made any investments on behalf of the *fund* at the end of a reporting period, the *authorised UK AIFM* may submit a *nil return fund report* for that reporting period.

(4) An *authorised UK AIFM* may choose whether to report the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) and *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) for a *feeder AIF*, the *master AIF* of which reports to the *FCA* in accordance with this section.

(5) An *authorised UK AIFM* may choose to report the additional information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) for an *AIF* in (2) where it is not otherwise required to do so.

Authorised UK AIFMs: regular reporting frequency

16.36.7 R (1)

(a) An *authorised UK AIFM* that is reporting information relating to a *hedge fund* or an *authorised AIF* must report on a quarterly basis.

(b) The reporting periods for the quarterly reports in (a) must end on 31 March, 30 June, 30 September and 31 December in each calendar year.

(2)

(a) An *authorised UK AIFM* that is reporting information relating to an *unauthorised AIF* that is not a *hedge fund* must report on an annual basis.

(b) The reporting period for the annual reports in (a) must end on 31 December in each calendar year.

Authorised UK AIFMs: submission of regular reports

16.36.8 R An *authorised UK AIFM* must submit the Funds Information Report to the *FCA* no later than:

(1) 30 *days* after the end of the relevant reporting period for:

(a) a *non-UCITS retail scheme* which is not a *FAIF*; or

(b) a *qualified investor scheme*;

(2) 45 *days* after the end of the relevant reporting period for a *hedge fund*;

(3) 60 *days* after the end of the relevant reporting period for:

(a) a *FAIF*; or

(b) an *LTAF*; and

(4) 120 *days* after the end of the relevant reporting period for an *unauthorised AIF* that is not a *hedge fund*.

Regular reporting by a UK UCITS management company

16.36.9 R (1) Subject to (3), a *UK UCITS management company* must submit a Funds Information Report containing the following information in relation to a *UK UCITS* within (2):

(a) for every *UK UCITS*, the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements); and

(b) in addition to (a), for each *UK UCITS* that it manages with a *NAV* of £500m or more as at the end of the last *business day* of the reporting period, the information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements).

(2) A *UK UCITS* is within this paragraph if it is managed by the *UCITS management company* and is not a *feeder fund*, the *master fund* of which reports information to the *FCA* in accordance with the *rules* in this section.

(3) Where a *UK UCITS* has been launched but does not have investors and the *manager* has not yet made any investments on behalf of the *scheme* at the end of a reporting period, the *UK UCITS management company* may submit a *nil return fund report* for that reporting period.

(4) A *UK UCITS management company* may choose to report the additional information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) for a *UK UCITS* in (2) where it is not otherwise required to do so.

(5) A *UK UCITS management company* may choose to report the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) and SUP 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) for a *feeder fund*, the *master fund* of which reports to the *FCA* in accordance with this section.

UK UCITS management companies: regular reporting frequency

16.36.10 R (1) A *UK UCITS management company* must report information relating to a *UK UCITS* on a quarterly basis.

(2) The reporting periods for the quarterly reports in (1) must end on 31 March, 30 June, 30 September and 31 December in each calendar year.

UK UCITS management companies: submission of regular reports

16.36.11 R A *UK UCITS management company* must submit the Funds Information Report to the *FCA* no later than 30 *days* after the end of the relevant reporting period.

Regular reporting by a residual CIS operator

16.36.12 R A *residual CIS operator* must submit the Funds Information Report containing the information specified in *SUP* 16 Annex 66 (Fund reporting for asset management entities (FRAME) reporting by a residual CIS operator) for each *residual CIS* operated by the *firm*.

16.36.13 R (1) The reporting periods for each *residual CIS* in *SUP* 16.36.12R must end on 31 December in each calendar year.

(2) The *residual CIS operator* must submit the Funds Information Report to the *FCA* no later than 120 *days* after the end of the relevant reporting period.

Regular reporting by a segregated portfolio manager or adviser

16.36.14 R A *segregated portfolio manager or adviser* must submit a Funds Information Report containing the information specified in *SUP* 16 Annex 67 (Fund reporting for asset management entities (FRAME) reporting by a segregated portfolio manager or adviser) in relation to the *firm* or relevant client.

16.36.15 R (1) The reporting periods for each Funds Information Report in *SUP* 16.36.14R must end on 31 December in each calendar year.

(2) The *segregated portfolio manager or adviser* must submit the Funds Information Report to the *FCA* no later than 120 *days* after the end of the relevant reporting period.

Regular reporting by a third country AIFM: regulation 49 AIFs

16.36.16 R (1) Subject to (2), a *third country AIFM* must submit a Funds Information Report containing the following information in relation to each *regulation 49 AIF*:

(a) for every *regulation 49 AIF*, the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements); and

(b) in addition to (a), for every *regulation 49 AIF* with a *NAV* of £500m or more as at the end of the last *business day* of the reporting period, the information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements).

(2) A *third country AIFM* may choose whether to report the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) and *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) for a *feeder AIF*, the *master AIF* of which reports to the *FCA* in accordance with this section.

(3) A *third country AIFM* may choose to report the additional information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) for a *regulation 49 AIF* where it is not otherwise required to do so.

Third country AIFM: regular reporting frequency

16.36.17 R (1)

(a) A *third country AIFM* that is reporting information relating to a *regulation 49 AIF* that is a *hedge fund* must report on a quarterly basis.

(b) The reporting periods for the quarterly reports in (a) must end on 31 March, 30 June, 30 September and 31 December in each calendar year.

(2)

(a) A *third country AIFM* must report information relating to a *regulation 49 AIF* that is not a *hedge fund* on an annual basis.

(b) The reporting periods for the annual reports in (a) must end on 31 December in each calendar year.

Third country AIFM: submission of regular reporting

16.36.18 R A *third country AIFM* must submit the Funds Information Report to the *FCA* no later than:

(1) 45 *days* after the end of the relevant reporting period for a *regulation 49 AIF* that is a *hedge fund*; or

(2) 120 *days* after the end of the relevant reporting period for a *regulation 49 AIF* that is not a *hedge fund*.

Regular reporting by the operator of a recognised scheme

16.36.19 R (1) Subject to (2), the *operator* of a *recognised scheme* must submit the Funds Information Report containing the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) in relation to each such *scheme*.

(2) An *operator* of a *recognised scheme* may choose whether to report the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) for a *feeder fund*, the *master fund* of which reports to the *FCA* in accordance with this section.

(3) The *operator* of a *recognised scheme* may choose to report the additional information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) in relation to a *recognised scheme* where it is not otherwise required to do so.

16.36.20 R (1)

(a) An *operator* that is reporting information relating to a *recognised scheme* must report on a quarterly basis.

(b) The reporting periods for the reports in (a) must end on 31 March, 30 June, 30 September and 31 December in each calendar year.

(2) The *operator* of a *recognised scheme* must submit the Funds Information Report to the *FCA* no later than 30 *days* after the end of the reporting period.

Event-based reporting relating to hedge funds by authorised UK AIFMs and third country AIFMs marketing in the UK

16.36.21 R (1) This *rule* applies to:

(a) an *authorised UK AIFM* of a *hedge fund* with a *NAV* of £500m or more; and

(b) a *third country AIFM* of a *regulation 49 AIF* that is a *hedge fund* with a *NAV* of £500m or more.

(2) An *AIFM* in (1) must report to the *FCA* when the *NAV* of the relevant *hedge fund* falls by 10% or more in a period of 10 consecutive *business days*.

(3) The *AIFM* must report the following information using the relevant online form:

(a) the information specified in *SUP* 16 Annex 65 (Fund reporting for asset management entities (FRAME) event-based reporting relating to hedge funds) within 72 hours of the threshold in (2) being breached; and

(b) the information specified in the following *rules* on each of the 5 *business days* after the initial report:

(i) *SUP* 16 Annex 65.2R;

(ii) *SUP* 16 Annex 65.3R(1); and

(iii) *SUP* 16 Annex 65.4R(1) and (3).

Change in reporting requirements due to increase or decrease in NAV

16.36.22 R (1) Subject to (2), where the *NAV* of a *fund* as at the end of the last *business day* of the relevant reporting period has increased to £500m or more or has decreased to less than £500m, the *authorised UK AIFM*, *UK UCITS management company* or *third country AIFM* (as applicable) may continue to report in accordance with the requirements that applied as at the end of the last *business day* of the previous reporting period but must report in accordance with the newly applicable requirements either:

(a) two quarters after this change in *NAV* where reporting is required on a quarterly basis; or

(b) the next calendar year where reporting is required on an annual basis.

(2) The *person* in (1) may choose to continue to report the additional information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) where the *NAV* of the *fund* decreases to less than £500m.

Calculation methodology

16.36.23 G (1) Where:

(a) an *asset management entity* is required to report an item of information specified in *SUP* 16 Annex 63 to *SUP* 16 Annex 67 to the *FCA*; and

(b) that item or an equivalent item of information is made available to investors in the *fund*,

the *asset management entity* should use the same calculation method to calculate the number reported to the *FCA* that it uses to calculate the information which is made available to investors in the *fund*.

(2) The *asset management entity* should ensure that any calculation method that is used results in the reporting of information to the *FCA* that is clear, fair and not misleading.

16.36.24 R All periods in this section should be calculated by reference to London time.

How to submit the Funds Information Report

16.36.25 R The Funds Information Report, including event-based reporting relating to *hedge funds*, must be submitted online through the appropriate systems made available by the *FCA*.

Insert the following new annexes, SUP 16 Annex 62, SUP 16 Annex 63, SUP 16 Annex 64, SUP 16 Annex 65, SUP 16 Annex 66 and SUP 16 Annex 67, after SUP 16 Annex 61 (Guidance notes for the data items in SUP 16.35). The text is all new and is not underlined.

16 Annex 62 **Fund reporting for asset management entities (FRAME) definitions**

Introduction

16 Annex 62.1 G (1) This Annex belongs to *SUP* 16.36.

(2) This Annex defines the terms that are used in *SUP* 16 Annex 63 to *SUP* 16 Annex 67.

Terms used in this Annex

16 Annex 62.2 R In this Annex and *SUP* 16 Annex 63 to *SUP* 16 Annex 67, the terms used in column (1) below have the meaning set out in column (2).

(1)	(2)

absolute VaR	An approach to VaR that limits the maximum VaR that a *UCITS* can have relative to its *NAV*.	
base currency	The *fund's* base currency as set out in its *instrument constituting the fund* and accounts.	
committed undrawn facilities	A borrowing facility that is contractually committed to by the lender and available to the *fund* if required.	
continuation fund	A *fund* established to acquire one or more assets from an existing vehicle operated/managed by the same *AIFM* or *operator*, or an affiliate of that *AIFM* or *operator*, so that investors in the existing vehicle are offered the option to exit for cash or continue their exposure through the new vehicle.	
distressed debt	The debt of borrowers that are already in default, insolvency, restructuring or comparable financial distress.	
deferral of redemptions	A deferral of redemptions in accordance with *COLL* 6.2.21R or equivalent for a *qualified investor scheme* or *long-term asset fund*.	
dominant influence	A *fund* has dominant influence over a *company* if any of the following criteria, are satisfied, directly or indirectly, including through a third party or special purpose vehicle:	
	(1)	the *fund*, its *AIFM* or another *person* on behalf of the *fund* owns more than half of the voting rights;
	(2)	the *fund*, its *AIFM* or another *person* on behalf of the *fund* can appoint or remove most of the board;
	(3)	the *company's* articles of association provide a contractual right to the *fund*, its *AIFM* or another *person* on behalf of the *fund* to exercise dominant influence;
	(4)	a formal contract gives the *fund*, its *AIFM* or another *person* on behalf of the *fund* the right to exercise dominant influence; or
	(5)	the *fund*, its *AIFM* or another *person* on behalf of the *fund* controls a majority of votes through an agreement with other shareholders.

fixed-life lifespan	The *fund's* constitutional or governing documents provide for a contractual end-date for the *fund*.
front load (entry fee)	A fee deducted from an investor's initial investment, which reduces the net capital invested.
fund raising	The activity of seeking and accepting capital or subscriptions from investors for the purposes of financing growth and development.
fund suspension	Temporary suspension of *dealings* in *units* in the *fund*.
gating	Investors are only permitted to redeem a certain portion of their *units*.
gross notional amount of derivatives	The aggregate amount of the notional amounts of all derivatives held by the *fund*, with each notional amount converted into the *fund's* base currency before aggregation and without netting long and short positions.
gross redemptions	The total value of *units* redeemed from a *fund* during a reporting period, before deduction of subscriptions.
gross subscriptions	The total value of investor subscriptions to a *fund* during a reporting period, before deduction of redemptions.
holding period return	The cumulative daily rate of return over the holding period calculated by geometrically linking the daily rates of return. Holding period return (%) = $(((1 + R1) \times (1 + R2) \ldots (1 + R10)) - 1) \times 100$, where R1, R2 … R10 are the daily rates of return during the holding period expressed as decimals.
hurdle	A pre-defined minimum rate of return either absolute or relative to a benchmark.
incurrence covenant	A covenant tested only when the borrower takes a specified action, such as incurring additional debt, making a distribution or completing an acquisition.
internal rate of return (IRR)	The discount rate that causes the net present value of all cash flows throughout the life of the *fund* to be equal to zero.
ISIN	A 12-character, alphanumeric code which uniquely identifies a financial instrument and provides for the uniform identification of *securities* at trading and settlement.

leverage	Any method by which an *AIFM* or *operator* of a *fund* increases the exposure of a *fund* it manages whether through borrowing of cash or *securities*, or leverage embedded in derivative positions or by any other means.	
levered net IRR	The internal rate of return (IRR) of a *fund* or investment calculated assuming 100% equity, after the effect of financing or leverage and before deduction of fees.	
liquidity management tool	A tool or measure applied by an *AIFM* or the *operator* of a *fund* to manage the liquidity of the *fund* in the interests of all investors. The tool or measure may be applied in normal circumstances, such as an anti-dilution tool, or in exceptional circumstances to control or limit *dealing* in *units*, including but not limited to deferral of *dealing* in *units*, suspension of *dealing* or the creation of a side pocket.	
loan origination *fund*	Any *fund*, including an *authorised fund*:	
	(1)	that has an investment strategy that is mainly based on the use of originated loans; or
	(2)	that has originated loans with a notional value representing at least 50% of the *fund's NAV*.
lock-up period	The period within which investors are entitled, under the *fund* documents, to withdraw invested funds or receive redemption payments, as applicable.	
maintenance covenant	A covenant tested periodically, whether or not the borrower takes a specified action.	
management fee	The ongoing fee paid by investors to the *AIFM* or *operator* of the *fund* for managing/operating the *fund*.	
market	The direct or indirect offering or placement of *units* or *shares* in a *fund*.	
NAV financing	A form of borrowing that uses the *NAV* of the assets of a *fund* as collateral.	
open to redemptions	The *fund* has a legal obligation to redeem *shares* or *units* on request.	
originated loan	A loan that is granted:	

	(1)	directly by a *fund* as the original lender; or
	(2)	indirectly through a third party or special purpose vehicle for or on behalf of the *fund*, where the *AIFM* or *operator* of the *fund*, or the *fund* itself, is involved in structuring the loan, or defining or pre-agreeing its characteristics, prior to gaining exposure to the loan.
performance fee	A fee based on a share of capital gains on, or capital appreciation of, a *fund's* assets or assets belonging to a *client* of the *asset management entity*. A fee that is based upon a percentage of assets under management is not a performance-based fee.	
performance trigger	An event set out in financing documentation that triggers circumstances that could have an adverse impact on the availability of financing or the cost of financing the *fund's* assets. For example, a percentage reduction in *NAV* that allows a counterparty to renegotiate the terms of an agreement such as the amount of margin payable.	
perpetual lifespan	The *fund's* constitutional or governing documents do not provide for a contractual end-date to the *fund*.	
portfolio LTV	The portfolio loan-to-value ratio, calculated as the aggregate principal amount of loans for which LTV is relevant divided by the aggregate current value of the collateral securing those loans, expressed as a percentage.	
relative VaR	An approach to VaR that limits the maximum VaR that a *UCITS* can have relative to the VaR of another reference portfolio.	
rear load (exit fee)	A fee deducted from an investor's redemption from a fund, which reduces the amount payable to the investor.	
paid-in capital/total contributions	The aggregate amount of capital contributions actually funded by investors to the *fund* since inception at the reporting date, excluding commitments that have been made but not yet drawn.	
private market *fund*	A *fund* that is a loan origination *fund* or predominantly invests in infrastructure, real estate, private equity or private credit.	

settlement period	The ‘waiting period’ between the moment a price is agreed upon and the moment the actual exchange of cash and assets is finalised.
single asset	Ignoring cash, cash equivalents and ancillary rights, the *fund* holds exposure to only one underlying portfolio asset/portfolio *company*.
subscription financing	Line(s) of credit used by a *fund* primarily to manage liquidity and capital calls on the *fund* investors’ commitments to the *fund*.
subscription frequency	The frequency with which the *fund* is *issuing shares* or *units* to investors.
suspension	The temporary suspension of *dealings* in *shares* or *units* in the *fund*.
total distributions	The aggregate amount of value returned by the *fund* to investors since inception at the reporting date, whether in cash or in specie, valued in accordance with the *fund’s* usual investor reporting basis.
total expense ratio	The annualised ratio of operating expenses to average net assets for the *fund’s* most recent fiscal period as disclosed in the acquired *fund’s* most recent shareholder report.
uncalled committed capital	The aggregate amount of investor commitments that remain legally committed to the *fund* but have not yet been called and funded at the reporting date.
highly liquid unencumbered assets	Assets other than cash held by a *fund* that are not subject to legal claims by another party, including claims arising from collateral pledges or securities lending activities that the *fund* reasonably expects to be convertible into cash (in the *fund’s* base currency) within three *business days* without the conversion to cash significantly changing the market value of the investment.
unencumbered cash	Cash or cash-like securities in the *fund’s* base currency or readily convertible into that currency that are not subject to legal claims by another party, including claims arising from collateral pledges or securities lending activities.
unrealised profit	The ‘paper’ gains (eg, profits) from an increase in the value of an asset still held by the *fund*. These are

	recorded via revaluation but have not yet been ‘locked in’ by a sale.
unsecured borrowing	Obligations for borrowed money in respect of which the borrower has not posted collateral or other credit support.
valuation backtesting	The process of comparing an actual liquidity event (eg, sale, IPO, round of financing) or a new anticipated liquidity event to the most recently determined fair value estimate (an estimate of the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm’s length transaction).
Value at Risk (VaR)	For a given portfolio, the expected loss over a target horizon that will not be exceeded at some specified confidence level.

16 Annex 62.3 R Terms in italics in this Annex and *SUP* 16 Annex 63 to *SUP* 16 Annex 67 have the meaning set out in the *Glossary*.

16 Annex 63 Fund reporting for asset management entities (FRAME) essential reporting requirements

16 Annex 63.1 G (1) This Annex belongs to *SUP* 16.36.

(2) This Annex sets out the contents of the Funds Information Report referred to in the following directions and *rules* (essential reporting requirements):

(a) *SUP* 16.36.4D (Regular reporting by a SEF or RVECA manager);

(b) *SUP* 16.36.6R (Regular reporting by an authorised UK AIFM);

(c) *SUP* 16.36.9R (Regular reporting by a UK UCITS management company);

(d) *SUP* 16.36.16R (Regular reporting by a third country AIFM: regulation 49 AIFs); and

(e) *SUP* 16.36.19R (Regular reporting by the operator of a recognised scheme).

General information

16 Annex 63.2 R The Funds Information Report must contain the following information relating to the *AIFM* or the *operator* of the *fund* submitting the Funds Information Report and the *fund*:

(1) the name of the *fund* and the name of the *AIFM* or the *operator* of the *fund* and, where the *AIFM* or *operator* of the *fund* is an *authorised person*, its Firm Reference Number (FRN);

(2) where the *AIFM* or *operator* of the *fund* is an *authorised person*, the *AIFM* or *operator* of the *fund's* (as applicable) *LEI*;

(3) where the *AIFM* or *operator* of the *fund* is not an *authorised person*, the *AIFM* or *operator* of the *fund's* (as applicable) *LEI*;

(4) where the *AIFM* or *operator* of the *fund* is an *authorised person*, the *fund's LEI*;

(5) where the *AIFM* or *operator* of the *fund* is not an *authorised person*, the *fund's LEI* (if available);

(6) whether the *fund*:

(a) has no investors and has made no investments at the end of the relevant reporting period;

(b) is suspended;

(c) has had its *FCA authorisation* revoked or has or will cease to be a *small registered AIFM* and a final report is being submitted in relation to the *fund*; or

(d) uses leverage for investment purposes (ie, other than for foreign exchange and interest rate hedging purposes);

(7) the redemption frequency of the *fund*;

(8) where the *AIFM* or *operator* of the *fund* is required to report on an annual basis, the following information:

(a) where the *fund's NAV* has been reported to the *FCA* for a reporting period ending within the previous 12 *months*, whether the latest *NAV* reported to the *FCA* for a reporting period ending within the last 12 *months* is £500m or more; or

(b) where the *fund's NAV* has not been reported to the *FCA* for a reporting period ending within the previous 12 *months*, whether the *NAV* of the *fund* as at the end of the current reporting period is £500m or more; and

(9) where the *AIFM* or *operator* of the *fund* is required to report on a quarterly basis, the following information:

(a) where the *fund's NAV* has been reported to the *FCA* for the reporting period ending 6 *months* before the current reporting period, whether the *NAV* of the *fund* that was reported to the *FCA* was £500m or more; or

(b) whether the *fund's NAV* as at the end of the current reporting period is greater £500m or more.

Delegation arrangements

16 Annex 63.3 R Where an *AIFM* has delegated *AIFM investment management functions*, or a *UK UCITS management company* or *residual CIS operator* that is not an *AIFM* has delegated *scheme management activities*, to a third party, the Funds Information Report must contain the following for each delegation arrangement that was in place during the reporting period:

(1) the *LEI* of the third party (where available);

(2) the delegation arrangement type (eg, portfolio management or risk management);

(3) the delegation start date; and

(4) if applicable, the delegation end date.

Fund profile and strategy

16 Annex 63.4 R The Funds Information Report must contain the following information relating to the *fund*:

(1) the *fund's* base currency;

(2) the gross notional amount of derivatives used by the *fund* as at the end of the last *business day* of the reporting period;

(3) the gross market value of the *fund's* long and short positions in other investments;

(4) the *fund's* investment strategy (cash management; passive or index tracking; multi-strategy; equity long bias; equity long/short; equity market neutral; equity short bias; equity activist; equity event driven/special situations; direct lending; asset-based lending/asset-based finance; mezzanine capital/mezzanine debt; credit long/short; distressed/restructuring; other credit/opportunistic credit; convertible arbitrage; fixed income relative value/arbitrage; volatility relative value/arbitrage; other relative value/arbitrage; global macro; managed futures/CTA; quantitative systematic; merger/risk arbitrage;

buyout/leveraged buyout; growth capital; venture capital; or other strategy);

(5) where the investment strategy is classified as 'other', a description of the *fund's* investment strategy; and

(6) whether the *fund* is managed to replicate or track the performance of an index or benchmark.

Investor base and distribution

16 Annex 63.6 R The Funds Information Report must indicate whether the *fund* is marketed to any *person* that is domiciled in the *UK* and/or has a registered office in the *UK*.

16 Annex 63.7 R The Funds Information Report must indicate whether any *retail investors* that are domiciled in the *UK* and/or have a registered office in the *UK* invest directly into the *fund* (ie, are not intermediated by professional institutions).

16 Annex 63.8 R The Funds Information Report must indicate the approximate percentage of the *fund's* equity that is beneficially owned by the *fund's* 5 largest investors (the 5 beneficial owners that have the largest equity interest in the *fund* as a percentage of *NAV*).

Performance and flows

16 Annex 63.9 R (1) Subject to (2), the Funds Information Report must contain the following information relating to the *fund's* performance:

(a) the frequency of calculation of the *fund's NAV* for purposes other than internal reporting (monthly, quarterly, twice per year or annually);

(b) a breakdown of the *fund's NAV* aligned with the frequency in (a) (eg, for each *month* of the reporting period where the *NAV* is calculated on a monthly basis) as at the end of the last *business day* of the relevant time period;

(c) gross investment returns or the internal rate of return of the *fund* over the reporting period with a breakdown aligned with the frequency in (a) (in percentage terms, gross of management and performance fees); and

(d) net investment returns or the internal rate of return of the *fund* over the reporting period with a breakdown aligned with the frequency in (a) (in percentage terms, net of management and performance fees).

(2) Where the *fund* is a *hedge fund* and the *AIFM* reports the information in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) in relation to that *fund* to

the *FCA* for the reporting period, the breakdown of the information in (1)(b) to (d) must be provided for each *month*.

Liquidity

16 Annex 63.10 R The Funds Information Report must indicate the percentage of the *fund's* assets that are capable of being liquidated in normal circumstances within specified time periods (1 *day* or less, 2 to 7 *days*, 8 to 30 *days*, 31 to 90 *days*, 9 to 180 *days*, 181 to 365 *days*, over 365 *days*) without a significant price discount to the expected market value of the assets.

VaR (essential)

16 Annex 63.11 R (1) The Funds Information Report must indicate whether the *fund* is a *UCITS scheme* that uses the VaR approach to calculate the global exposure of the *UCITS scheme* in accordance with *COLL* 5.3.8R(1)(b) and, if so:

(a) whether the approach to VaR is absolute VaR or relative VaR;

(b) the method that was used to calculate VaR;

(c) if the VaR approach is absolute, absolute VaR as at the end of the last *business day* of the reporting period (as a percentage of *NAV*);

(d) if the VaR approach is relative, the benchmark name; and

(e) the relative VaR ratio as at the end of the last *business day* of the reporting period (as a percentage of *NAV*).

(2) The information in (1) is not required where the *AIFM* or *operator* of the *fund* reports the information in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements) in relation to the *fund* to the *FCA* for the reporting period.

Counterparty exposure (essential)

16 Annex 63.12 R (1) The Funds Information Report must contain the information in (2):

(a) for any *hedge fund*, irrespective of whether it or the *AIFM* on behalf of the *hedge fund* employs leverage for investment purposes; and

(b) for any other *fund*, where the *AIFM* or *operator* of the *fund* on behalf of the *fund* employs leverage for investment purposes.

(2) The information referred to in (1) is any financing, collateral and derivative arrangements (undrawn amount, borrowed amount, lent

amount, outstanding amount payable by/to the *fund* (mark-to-market), collateral/margin posted by/to the *fund*) as at the end of the last *business day* of the reporting period in relation to the following borrowing/lending types:

(a) committed undrawn facilities;

(b) unsecured borrowing;

(c) NAV financing;

(d) asset-based financing;

(e) subscription financing;

(f) other secured borrowing;

(g) prime brokerage/brokerage secured financing (*prime brokerage services*);

(h) repurchase/reverse repurchase agreement – sponsored cleared;

(i) repurchase/reverse repurchase agreement – bilateral including tri-party;

(j) other secured borrowing and lending;

(k) cleared derivatives;

(l) bilateral derivatives; and

(m) cross-margining adjustment.

(3) The information in (2) is not required where the *AIFM* or *operator* of the *fund* reports the information in *SUP* 16 Annex 64 (Fund reporting for asset management entities enhanced reporting requirements) in relation to the *fund* to the *FCA* for the reporting period.

16 Annex 64 **Fund reporting for asset management entities (FRAME) enhanced reporting requirements**

16 Annex 64.1 G (1) This Annex belongs to *SUP* 16.36.

(2) This Annex sets out the contents of the Funds Information Report referred to in the following *rules* (enhanced reporting requirements):

(a) *SUP* 16.36.6R (Regular reporting by an authorised UK AIFM);

(b) *SUP* 16.36.9R (Regular reporting by a UK UCITS management company); and

(c) *SUP* 16.36.16R (Regular reporting by a third country AIFM: regulation 49 AIFs).

Dealing terms and investor rights

16 Annex 64.2 R Where the *fund* is open to redemptions, the Funds Information Report must contain the following information (for the largest *unit* class by *NAV* where a *fund* has multiple *unit* classes with different *dealing* terms):

(1) the redemption frequency;

(2) the subscription frequency;

(3) the notice period for redemptions;

(4) the length of any lock-up period;

(5) the redemption settlement period; and

(6) the percentage of the *fund's NAV* as at the end of the last *business day* of the reporting period that is:

(a) subject to a material restriction on investor withdrawals/redemptions (ie, a redemption gate);

(b) held in a separate 'pocket' of the *fund* (eg, is allocated to a side pocket);

(c) subject to suspension of *dealing*; and

(d) subject to other arrangements (including details of such other arrangements).

16 Annex 64.3 R The Funds Information Report must indicate whether the *fund* uses distributed ledger technology (DLT) to operate or maintain its register or record of *unitholders* and, if so, a description of how DLT is used.

Investor base and distribution

16 Annex 64.4 R The Funds Information Report must indicate the percentage of the *fund's NAV* attributable to each of the following investor types (ie, by retail/professional status and geography):

(1) *UK retail investors*;

(2) *overseas retail investors* who are *overseas*;

(3) *professional investors* who are *UK elective professional clients* (qualitative assessment);

(4) *professional investors* who are *UK elective professional clients* (wealth route);

(5) *professional investors* who are *UK per se professional clients*;

(6) *professional investors* who are *overseas per se professional clients*; and

(7) not classified (to be used where the investor interest cannot reasonably be allocated).

16 Annex 64.5 R The Funds Information Report must indicate the percentage of the *fund's NAV* attributable to each of the following investor categories:

(1) partners and employees;

(2) high net worth individuals;

(3) family offices;

(4) retail investors;

(5) government entities;

(6) pension plans/pension *funds*;

(7) endowments, foundations and other charitable organisations;

(8) sovereign wealth *funds*;

(9) banks and insurance companies;

(10) other investment *funds*;

(11) private banks; and

(12) not classified (to be used where the investor interest cannot reasonably be allocated).

16 Annex 64.6 G Where a *fund* is a *master fund* and the *FCA* does not receive reporting in relation to any *feeder fund* that invests in that *master fund*, the breakdown of investor types and categories reported in accordance with *SUP* 16 Annex 64.4R and *SUP* 16 Annex 64.5R should reflect the types and categories of investor in the *feeder fund(s)* where possible.

16 Annex 64.7 R Where the *fund* is an *authorised fund*, the Funds Information Report must contain the following information:

(1) a list of each jurisdiction where there is a direct or indirect offering or placement of *units* in the *fund* in (ISO 3166 – country code); and

(2) the *fund's* target market.

Fees

16 Annex 64.8 R The Funds Information Report must indicate whether any management fee or a performance fee charged to investors in the *fund* is calculated by reference to unrealised profits.

16 Annex 64.9 R For the largest *unit* class by *NAV* or a representative *unit* class (if another *unit* class is more representative of the *fund's* charging structure), the Funds Information Report must contain the following information relating to fees:

(1) the management fee charged to investors in the *fund*; and

(2) whether a performance fee or carried interest applies to the *unit* class and, if so:

(a) the performance fee charged to investors in the *fund*; and

(b) details of any hurdle that payment of the performance fee is subject to and any benchmark that the hurdle is relative to (where applicable).

Performance and flows

16 Annex 64.10 R Where the fund is not a *hedge fund*, the Funds Information Report must contain a breakdown of the *fund's* gross redemptions and subscriptions aligned with the frequency of calculation of the *fund's NAV* for purposes other than internal reporting (monthly, quarterly, twice per year or annually).

16 Annex 64.11 R Where the *fund* is a *UCITS scheme* or a *non-UCITS retail scheme*, the Funds Information Report must contain the following information relating to redemptions and subscriptions (for each *valuation point* in the reporting period):

(1) the date of the *valuation point*;

(2) the *fund's NAV* as at the *valuation point*; and

(3) redemptions and subscriptions since the previous *valuation point*.

Liquidity

16 Annex 64.12 R The Funds Information Report must indicate the percentage of investor equity that is capable of being redeemed in normal circumstances within specified time periods (1 *day* or less, 2 to 7 *days*, 8 to 30 *days*, 31 to 90 *days*, 91 to 180 *days*, 181 to 365 *days*, over 365 *days*).

16 Annex 64.13 R The Funds Information Report must indicate the total value of the following unencumbered and highly liquid assets:

(1) cash and cash equivalents (excluding money market funds);

(2) *units* in *MMFs* and cash management collective investment undertakings (CIU); and

(3) other highly liquid unencumbered assets.

Liquidity management tools (LMTs)

16 Annex 64.14 R Where the *fund* is an *authorised fund*, the Funds Information Report must contain the following information relating to the use of liquidity management tools (deferral of redemptions, gating, *fund* suspensions, dilution adjustment, dilution levy and dual pricing):

(1) whether each liquidity management tool is available to use;

(2) the number of times that each liquidity management tool has been used during the reporting period;

(3) in relation to the use of deferral, gating and *fund* suspensions, the number of *dealing days* on which the tool was in effect; and

(4) in relation to dilution adjustment, dilution levy and dual pricing, the number of *dealing days* on which the tool was applied.

Share classes

16 Annex 64.15 R Where the *fund* is a *UCITS scheme* or a *non-UCITS retail scheme*, the Funds Information Report must contain the following information for each active share class of the *fund*:

(1) the *NAV* as at the end of the last *business day* of each *month* of the relevant reporting period (in the currency of that share class);

(2) the *unit* class currency;

(3) the *unit* class name;

(4) the ISIN;

(5) the management fee charged to investors in the *fund* (%);

(6) whether a performance fee or carried interest applies to the *unit* class;

(7) the ongoing charges figure/ongoing costs figure (as a percentage of the average *NAV* of the *fund* over a reporting period); and

(8) whether it is the share class that has a charging structure that is most representative of the *fund's* charging structure.

Benchmarks

16 Annex 64.16 R Where the *fund* is a *UCITS scheme* or a *non-UCITS retail scheme*, the Funds Information Report must contain the following information for each benchmark of the *fund* (if applicable):

(1) the benchmark name;

(2) the ISIN (if applicable);

(3) the benchmark provider name;

(4) the benchmark provider's *LEI* (if applicable);

(5) the function of the benchmark;

(6) whether the benchmark is used for performance comparison by:

(a) the *fund's* share class that has the largest *NAV*; or

(b) if another share class is more representative of the *fund's* charging structure, that share class; and

(7) the *monthly* benchmark return for each *month* of the relevant reporting period.

Holdings

16 Annex 64.17 R Where the *fund* is a *UCITS scheme* or a *non-UCITS retail scheme*, for each investment held by the *fund*, the Funds Information Report must contain the following information as at the end of the last *business day* of the reporting period:

(1) the name;

(2) the ISIN (if available);

(3) the market value (base currency);

(4) the market value (denominated currency);

(5) the portfolio weight (%);

(6) the quantity of instrument;

(7) the currency;

(8) the country;

(9) the asset class;

(10) the sector (if applicable);

(11) the maturity date (if applicable); and

(12) the coupon (if applicable).

Portfolio exposures – asset classes excluding rates and non-private credit

16 Annex 64.18 R (1) For any *fund* other than a *UCITS scheme* or a *non-UCITS retail scheme*, the Funds Information Report must indicate the total nominal exposure of the *fund* at the end of the last *business day* of the reporting period for each combination of the sub-asset types in (2) and the instrument types (long and short) listed in (3).

(2) The sub-asset types referred to in (1) are:

(a) cash and cash equivalents (certificates of deposit, commercial paper, other deposits, money market funds and cash management collective investment undertakings (CIU), other cash and cash equivalents (including government securities), overnight repurchase agreements, term repurchase agreements (other than overnight), open repurchase agreements);

(b) listed equity (listed equity issued by financial institutions (*UK* or *overseas*), other single name listed equity (*UK* or *overseas*), indices on listed equity (*UK* or *overseas*), other listed equity);

(c) private credit (secured loans: corporates (*UK* or *overseas*), unsecured loans: corporates (*UK* or *overseas*), secured loans: infrastructure (*UK* or *overseas*), unsecured loans: infrastructure (*UK* or *overseas*), secured loans: real estate (*UK* or *overseas*), unsecured loans: real estate (*UK* or *overseas*), secured loans: other (*UK* or *overseas*), unsecured loans: other (*UK* or *overseas*));

(d) unlisted equity (communication service (*UK* or *overseas*), consumer discretionary (*UK* or *overseas*), consumer staples (*UK* or *overseas*), energy (*UK* or *overseas*), financials (*UK* or *overseas*), health care (*UK* or *overseas*), industrials (*UK* or *overseas*), information technology (*UK* or *overseas*), materials (*UK* or *overseas*), utilities (*UK* or *overseas*));

(e) real estate assets (residential or commercial or other real estate (*UK* or *overseas*));

(f) commodities (agricultural, crude oil, natural gas, power and other energy, gold, other precious metal, base metal, livestock, other);

(g) crypto (digital assets);

(h) other derivatives (foreign exchange derivatives (excluding cross currency swaps), cross currency swaps, correlation derivatives, inflation derivatives, volatility derivatives, other derivatives); and

(i) other product types.

(3) The instrument types referred to in (1) are:

(a) cash/physical;

(b) listed derivatives;

(c) *OTC* derivatives;

(d) *ETFs*;

(e) externally managed *funds*; and

(f) internally managed *funds*.

Portfolio exposures – non-private credit

16 Annex 64.19 R (1) For each *fund* other than a *fund* that is a *UCITS scheme* or a *non-UCITS retail scheme*, the Funds Information Report must indicate the total nominal exposure of the *fund* as at the end of the last *business day* of the relevant reporting period and the 5-year floating rate note basis (using a 100 basis point spread) for each combination of the sub-asset types in (2) and the instrument types (long and short) listed in (3)region.

(2) The sub-asset types referred to in (1) are:

(a) corporate bonds issued by financial institutions – which are investment grade (*UK* or *overseas*);

(b) corporate bonds not issued by financial institutions – which are investment grade (*UK* or *overseas*);

(c) corporate bonds issued by financial institutions – which are non-investment grade (*UK* or *overseas*);

(d) corporate bonds not issued by financial institutions – which are non-investment grade (*UK* or *overseas*);

(e) convertible bonds issued by financial institutions – which are investment grade;

(f) convertible bonds not issued by financial institutions – which are investment grade;

(g) convertible bonds issued by financial institutions – which are non-investment grade;

(h) convertible bonds not issued by financial institutions – which are non-investment grade;

(i) municipal bonds;

(j) leveraged loans (*UK* or *overseas*);

(k) other non-private credit loans (*UK* or *overseas*);

(l) structured/securitised products (Agency MBS, RMBS, ABCP, CMBS, ABS);

(m) sovereign; and

(n) other credit exposures.

(3) The instrument types referred to in (1) are:

(a) cash/physical;

(b) single-name CDS;

(c) index CDS;

(d) CDS options;

(e) other credit derivatives;

(f) *ETFs*;

(g) externally managed *funds*; and

(h) internally managed *funds*.

Portfolio exposures – rates

16 Annex 64.20 R (1) For each *fund* other than a *fund* that is a *UCITS scheme* or a *non-UCITS retail scheme*, the Funds Information Report must indicate the total nominal exposure and the 10-year equivalent exposure of the *fund* for each combination of the sub-asset types in (2) and the instrument types (long and short) listed in (3).

(2) The sub-asset types referred to in (1) are:

(a) sovereign (excluding CDS products) (*UK*, *EU*, US, other G10 or other) with a breakdown by asset class maturity (0 to 2 years, 2 to 5 years, 5 to 10 years or over 10 years);

(b) supranationals and agencies (excluding CDS products) (*UK*, *EU*, US, other G10 or other); and

(c) rates derivatives (global or excluding G10) with a breakdown by asset class currency (GBP, EUR, USD and other) and asset class maturity (0 to 2 years, 2 to 5 years, 5 to 10 years or over 10 years).

(3) The instrument types referred to in (1) are:

(a) cash/physical;

(b) listed swaps, swaptions, FRAs, futures and options;

(c) other listed derivatives;

(d) *OTC* swaps, swaptions, FRAs, futures and options;

(e) other *OTC* derivative*s*;

(f) *ETFs*;

(g) externally managed *funds*; and

(h) internally managed *funds*.

Market risk sensitivities and VaR

16 Annex 64.21 R (1) For each *fund* other than an *unauthorised AIF* that is a private market *fund*, the Funds Information Report must indicate the estimated profit or loss impact of the prescribed risk scenarios in (3) using the *FCA* defined shock values in the table in (2) that define the decrease and increase in movements to be applied for each scenario).

(2) This table belongs to (1).

Scenario type	Sensitivity	Stress
Equities	1%	10%
Global rates: 0 to 2 years only	1 basis point (bp)	50 bp
Global rates: 2 to 10 years only	1 bp	50 bp
Global rates: 10 years and over only	1 bp	50 bp
UK rates: 0 to 2 years only	1 bp	50 bp
UK rates: 2 to 10 years only	1 bp	50 bp
UK rates: 10 years and over only	1 bp	50 bp

Credit	1%	10%
Commodities	1%	10%
Implied volatility	1 bp	10 bp
FX – JPYagainst USD	1%	10%
FX – GBP against USD	1%	10%
FX – EUR against USD	1%	10%
FX – all other currencies against USD	1%	10%
Inflation	1 bp	50 bp

(3) The risk scenarios in (1) are a sensitivity increase (long or short) and a stress increase or decrease (long or short) in relation to the following:

(a) equities (0 to 2 years, 2 to 10 years, 10 years and over);

(b) global rates (0 to 2 years, 2 to 10 years, 10 years and over);

(c) *UK* rates only (0 to 2 years, 2 to 10 years, 10 years and over);

(d) credit;

(e) commodities;

(f) implied volatility;

(g) foreign exchange rate: JPY against USD;

(h) foreign exchange rate: GBP against USD;

(i) foreign exchange rate: EUR against USD;

(j) foreign exchange rate: all other currencies against USD; and

(k) inflation.

16 Annex 64.22 R For each *fund*, the Funds Information Report must indicate whether VaR was calculated regularly (irrespective of whether this calculation was reported internally or to investors) and, if so, the following information for each combination of confidence interval, horizon and historical observation period:

(1) the confidence interval used (eg, 100%-alpha%) (as a percentage);

(2) the time horizon used;

(3) the weighting method that was used to calculate VaR;

(4) where an exponential method was used, the weighting factor used;

(5) the VaR calculation method;

(6) the historical lookback period used (in number of years; enter 0 if none used); and

(7) the VaR as at the end of the last *business day* of the reporting period (as a % of *NAV*).

16 Annex 64.23 R The Funds Information Report must indicate whether the *fund* is a *UCITS scheme* that uses VaR methods to limit global exposure and, if so:

(1) the method that was used to calculate VaR;

(2) the VaR approach (absolute or relative);

(3) if the VaR approach is absolute, absolute VaR as at the end of the last *business day* of the reporting period (as a percentage of *NAV*);

(4) if the VaR approach is relative, the benchmark name; and

(5) the relative VaR ratio as at the end of the last *business day* of the reporting period (as a percentage of *NAV*).

Portfolio concentrations

16 Annex 64.24 R For each *fund* other than a *UCITS scheme* or a *non-UCITS retail scheme*, the Funds Information Report must indicate the largest 5 portfolio concentrations to single issuers across products, netted according to how this information is reported internally or to investors (name of issuer, *LEI* of issuer and, where available, market value).

Financing maturity

16 Annex 64.25 R (1) The Funds Information Report must contain the information in (2) where:

(a) the *fund* is a *hedge fund* (irrespective of whether the *fund* or the *AIFM* or *operator* of the *fund* on behalf of the *fund* employs leverage for investment purposes); or

(b) the *fund* is not a *hedge fund* but employs leverage for investment purposes.

(2) The information referred to in (1) is the amount of financing or borrowing for each of the following financing/borrowing arrangements according to the longest period (1 *day* or less, 2 to 7 *days*, 8 to 30 *days*, 31 to 90 *days*, 91 to 180 *days*, 181 to 365 *days*, longer than 365 *days*) for which the creditor is contractually committed to provide that financing and the total across all time periods:

(a) committed undrawn facilities;

(b) unsecured borrowing;

(c) NAV financing;

(d) asset-based financing;

(e) subscription financing;

(f) prime brokerage/brokerage secured financing (*prime brokerage services*) – cash borrowing;

(g) repurchase agreement – cash borrowing; and

(h) other secured borrowing – cash borrowed.

Financing, collateral, margin and derivative exposures – aggregate

16 Annex 64.26 R Where the *fund* (or the *AIFM* or *operator* of the *fund* on behalf of the *fund*) employs leverage for investment purposes or is a *hedge fund*, the Funds Information Report must contain the following information aggregated across all counterparties:

(1) the amount of undrawn funding that is available under committed undrawn facilities;

(2) the following margin amounts that are subject to cross-margining between agreements:

(a) required initial margin posted;

(b) required variation margin posted (non-title transfer collateral arrangement (non-TTCA));

(c) excess margin posted; and

(d) margin received;

(3) for unsecured borrowing or lending by the *fund*, the following information:

(a) cash borrowed or received by the *fund*;

(b) cash lent or posted by the *fund*; and

(c) the other financing or derivative types, if any, that contain agreements cross-margined with agreements relating to that financing type;

(4) for borrowing secured against the *fund's NAV*, borrowing secured against specific *fund* assets (asset-based lending) and borrowing secured against investor capital commitments (subscription financing), the amounts of the following that are not subject to cross-margining:

(a) cash borrowed or received by the *fund*;

(b) the mark-to-market value of collateral posted or pledged by the *fund*; and

(c) the other financing or derivative types, if any, that contain agreements cross-margined with agreements relating to that financing type;

(5) for prime brokerage cash financing activity in relation to equities and prime brokerage cash financing activity in relation to fixed income, if separable from equities, the amounts of the following that are not subject to cross-margining:

(a) long market value;

(b) short market value;

(c) required margin;

(d) excess margin; and

(e) the other financing or derivative types, if any, that contain agreements cross-margined with agreements relating to that prime brokerage cash financing type,

as well as whether agreements relating to that prime brokerage cash financing type assign margin at portfolio level;

(6) for cleared derivatives, the following margin and mark-to-market amounts not subject to cross-margining:

(a) segregated independent amount or initial margin posted;

(b) non-segregated independent amount or initial margin posted;

(c) variation margin posted (non-TTCA);

(d) variation margin received (non-TTCA);

(e) mark-to-market amounts payable by the *fund*;

(f) mark-to-market amounts payable to the *fund*;

(g) excess margin posted; and

(h) the other financing or derivative types, if any, that contain agreements cross-margined with agreements relating to cleared derivatives,

as well as whether agreements relating to cleared derivatives assign margin at portfolio level; and

(7) for bilateral derivatives, including synthetic prime brokerage, the following margin and mark-to-market amounts not subject to cross-margining:

(a) segregated independent amount or initial margin posted;

(b) non-segregated independent amount or initial margin posted;

(c) segregated independent amount or initial margin received;

(d) non-segregated independent amount or initial margin received;

(e) variation margin posted (non-TTCA);

(f) variation margin received (non-TTCA);

(g) mark-to-market amounts payable by the *fund*;

(h) mark-to-market amounts payable to the *fund*;

(i) excess margin posted; and

(j) the other financing or derivative types, if any, that contain agreements cross-margined with agreements relating to bilateral derivatives,

as well as whether agreements relating to bilateral derivatives assign margin at portfolio level.

16 Annex 64.27 R (1) Where the *fund* (or the *AIFM* or *operator* of the *fund* on behalf of the *fund*) employs leverage for investment purposes or is a *hedge fund*, the Funds Information Report must contain the information in (2) aggregated across all counterparties for each of the following financing types:

(a) sponsored cleared repurchase and reverse repurchase agreements in respect of government bonds;

(b) bilateral repurchase and reverse repurchase agreements in respect of government bonds;

(c) bilateral repurchase and reverse repurchase agreements in respect of securities other than government bonds;

(d) bilateral securities borrowing and lending in respect of equity securities;

(e) bilateral securities borrowing and lending in respect of securities other than equity securities; and

(f) other secured borrowing and lending.

(2) The information referred to in (1) is the amounts of the following that are not subject to cross-margining:

(a) cash borrowed or received by the *fund*;

(b) the mark-to-market value of collateral posted or pledged by the *fund*;

(c) cash lent or posted by the *fund*;

(d) the mark-to-market value of collateral received by the *fund*; and

(e) the other financing or derivative types, if any, that contain agreements cross-margined with agreements relating to that financing type,

as well as whether agreements relating to that financing type assign margin at portfolio level.

Financing, collateral, margin and derivative exposures – individual

16 Annex 64.28 R (1) Where the *fund* (or the *AIFM* or *operator* of the *fund* on behalf of the *fund*) employs leverage for investment purposes or is a *hedge fund*, the Funds Information Report must contain the information in (2) for each of the following counterparties (excluding *CCPs*):

(a) the largest 15 counterparties under the greatest support ranking, determined in accordance with (3); and

(b) the largest 15 counterparties under the net exposure ranking determined in accordance with (4).

(2) The information referred to in (1) is:

(a) counterparty name;

(b) counterparty *LEI* (if applicable);

(c) whether the counterparty is affiliated with a major financial institution;

(d) the counterparty's ranking under the greatest support ranking;

(e) the counterparty's ranking under the net exposure ranking; and

(f) the information in *SUP* 16 Annex 64.26R and *SUP* 16 Annex 64.27R, reported in relation to that counterparty rather than aggregated across all counterparties.

(3) The greatest support ranking of counterparties is determined by deducting the sum of the amounts in (b) from the sum of the amounts in (a):

(a)

(i) required initial margin posted that is subject to cross-margining between agreements, of the kind described in *SUP* 16 Annex 64.26R(2)(a), calculated in relation to that counterparty;

(ii) the mark-to-market value of collateral posted or pledged by the *fund* in relation to borrowing secured against the *fund's NAV*, borrowing secured against specific fund assets and borrowing secured against investor capital commitments, of the kind described in *SUP* 16 Annex 64.26R(4)(b), calculated in relation to that counterparty;

(iii) the mark-to-market value of collateral posted or pledged by the *fund* in relation to sponsored cleared repurchase and reverse repurchase agreements, bilateral repurchase and reverse repurchase agreements, bilateral securities borrowing and lending, and other secured borrowing and lending, of the kind described in *SUP* 16 Annex 64.27R(2)(b), calculated in relation to that counterparty;

(iv) required margin in relation to prime brokerage cash financing activity, of the kind described in *SUP* 16 Annex 64.26R(5)(c), calculated in relation to that counterparty;

(v) segregated and non-segregated independent amount or initial margin posted in relation to cleared derivatives, of the kind described in *SUP* 16 Annex 64.26R(6)(a) and (b), calculated in relation to that counterparty; and

(vi) segregated and non-segregated independent amount or initial margin posted in relation to bilateral derivatives, including synthetic prime brokerage, of the kind described in *SUP* 16 Annex 64.26R(7)(a) and (b), calculated in relation to that counterparty;

(b) the amount to be deducted from (a) is the sum of the following:

(i) cash borrowed or received by the *fund* in relation to borrowing secured against the *fund's NAV*, borrowing secured against specific fund assets and borrowing secured against investor capital commitments, of the kind described in *SUP* 16 Annex 64.26R(4)(a), calculated in relation to that counterparty; and

(ii) cash borrowed or received by the *fund* in relation to sponsored cleared repurchase and reverse repurchase agreements, bilateral repurchase and reverse repurchase agreements, bilateral securities borrowing and lending, and other secured borrowing and lending, of the kind described in *SUP* 16 Annex 64.27R(2)(a), calculated in relation to that counterparty.

(4) The net exposure ranking is a ranking of all counterparties of the *fund*, other than *CCPs*, in descending order by the amount produced by deducting the sum of the amounts in (b) from the sum of the amounts in (a):

(a)

(i) required initial margin posted, required variation margin posted (non-TTCA) and excess margin posted that are subject to cross-margining between agreements, of the kind described in *SUP* 16 Annex 64.26R(2)(a) to (c), calculated in relation to that counterparty;

(ii) cash lent or posted by the *fund* in relation to unsecured borrowing or lending, of the kind described in *SUP* 16 Annex 64.26R(3)(b), calculated in relation to that counterparty;

(iii) the mark-to-market value of collateral posted or pledged by the *fund* in relation to borrowing secured against the *fund's NAV*, borrowing secured against specific *fund* assets and borrowing secured against investor capital commitments, of the kind described in *SUP* 16 Annex 64.26R(4)(b), calculated in relation to that counterparty;

(iv) the mark-to-market value of collateral posted or pledged by the *fund* and cash lent or posted by the *fund* in relation to sponsored cleared repurchase and reverse repurchase agreements, bilateral repurchase and reverse repurchase agreements, bilateral securities borrowing and lending, and other secured borrowing and lending, of the kind described in *SUP* 16 Annex 64.27R(2)(b) and (c), calculated in relation to that counterparty;

(v) required margin and excess margin in relation to prime brokerage cash financing activity, of the kind described in *SUP* 16 Annex 64.26R(5)(c) and (d), calculated in relation to that counterparty;

(vi) non-segregated independent amount or initial margin posted in relation to cleared derivatives, of the kind described in *SUP* 16 Annex 64.26R(6)(b), calculated in relation to that counterparty;

(vii) mark-to-market amounts payable to the *fund* in relation to cleared derivatives, of the kind described in *SUP* 16 Annex 64.26R(6)(f), calculated in relation to that counterparty;

(viii) non-segregated independent amount or initial margin posted in relation to bilateral derivatives, including synthetic prime brokerage, of the kind described in *SUP* 16 Annex 64.26R(7)(b), calculated in relation to that counterparty; and

(ix) mark-to-market amounts payable to the *fund* in relation to bilateral derivatives, including synthetic prime brokerage, of the kind described in *SUP* 16 Annex 64.26R(7)(h), calculated in relation to that counterparty.

(b) the amount to be deducted from (a) is the sum of the following:

(i) margin received that is subject to cross-margining between agreements, of the kind described in *SUP* 16 Annex 64.26R(2)(d), calculated in relation to that counterparty;

(ii) cash borrowed or received by the *fund* in relation to unsecured borrowing or lending, of the kind described in *SUP* 16 Annex 64.26R(3)(a), calculated in relation to that counterparty;

(iii) cash borrowed or received by the fund in relation to borrowing secured against the *fund's NAV*, borrowing secured against specific *fund* assets and borrowing secured against investor capital commitments, of the kind described in *SUP* 16 Annex 64.26R(4)(a), calculated in relation to that counterparty;

(iv) cash borrowed or received by the *fund* and the mark-to-market value of collateral received by the *fund* in relation to sponsored cleared repurchase and reverse repurchase agreements, bilateral repurchase and reverse repurchase agreements, bilateral securities borrowing and lending, and other secured borrowing and lending, of the kind described in *SUP* 16 Annex 64.27R(2)(a) and (d), calculated in relation to that counterparty;

(v) variation margin received (non-TTCA) in relation to cleared derivatives, of the kind described in *SUP* 16 Annex 64.26R(6)(d), calculated in relation to that counterparty; and

(vi) variation margin received (non-TTCA) in relation to bilateral derivatives, including synthetic prime brokerage, of the kind described in *SUP* 16 Annex 64.26R(7)(f), calculated in relation to that counterparty.

16 Annex 64.29 R (1) Where the *fund* (or the *AIFM* or *operator* of the *fund* on behalf of the *fund*) employs leverage for investment purposes or is a *hedge fund*, the Funds Information Report must contain the following information for each of the 5 largest *CCPs* under the CCP ranking determined in accordance with (2):

(a) the following information identifying the *CCP*:

(i) the *CCP's* name;

(ii) the *CCP LEI*, if available; and

(iii) the *CCP's* ranking under the CCP ranking;

(b) for sponsored cleared repurchase and reverse repurchase agreements in respect of government bonds, the following information:

(i) cash borrowed or received by the *fund*;

(ii) the mark-to-market value of collateral posted or pledged by the *fund*;

(iii) cash lent or posted by the *fund*; and

(iv) the mark-to-market value of collateral received by the *fund*; and

(c) for cleared derivatives, the following information:

(i) segregated independent amount or initial margin posted;

(ii) non-segregated independent amount or initial margin posted;

(iii) mark-to-market amounts payable by the *fund*;

(iv) mark-to-market amounts payable to the *fund*; and

(v) excess margin posted.

(2) The CCP ranking is a ranking that is determined by ranking in descending order by the sum of:

(a) the mark-to-market value of collateral posted or pledged by the *fund* in relation to sponsored cleared repurchase and reverse repurchase agreements in respect of government bonds, of the kind described in (1)(b)(ii), calculated in relation to that *CCP*;

(b) segregated independent amount or initial margin posted in relation to cleared derivatives, of the kind described in (1)(c)(i), calculated in relation to that *CCP*; and

(c) non-segregated independent amount or initial margin posted in relation to cleared derivatives, of the kind described in (1)(c)(ii), calculated in relation to that *CCP*.

Private markets (applicable to reporting relating to private market funds only)

16 Annex 64.30 R For each private market *fund*, the Funds Information Report must contain the following information relating to the *fund*:

(1) whether the *fund* is a continuation fund and, if so, the original *fund* name and *LEI* (where available);

(2) whether the *fund* buys secondary stakes in private market *funds*;

(3) whether the *fund* is single asset or multi asset;

(4) the lifespan type (fixed-life lifespan or perpetual lifespan) and, if the *fund* is ‘fixed-life’:

(a) whether the *fund* has had final close and, if so, the contractual end-date (disregarding any contractual right to extend the lifespan) – ie, the original contractual end date at inception; and

(b) whether the contractual end-date has been extended and, if so, the current contractual end-date; and

(5) whether the *fund* is currently fund raising.

16 Annex 64.31 R For each private market *fund*, the Funds Information Report must contain the following information relating to the *fund*'s capital commitment and distribution metrics:

(1) uncalled committed capital as at the end of the last *business day* of the reporting period;

(2) paid-in capital/total contributions since inception of the *fund*; and

(3) total distributions since inception of the *fund*.

16 Annex 64.32 R For each private market *fund*, the Funds Information Report must indicate whether the *AIFM* or *operator* of the *fund* has transacted with investors to allow investors to exit the *fund* through share buy-backs.

16 Annex 64.33 R For each private market *fund*, the Funds Information Report must contain the following information relating to valuation:

(1) the lowest frequency at which assets are valued;

(2) whether valuation backtesting is conducted between last fair value estimate and exit price on any exits;

(3) whether *third party valuers* (not including auditors) are used to value the *fund's* assets and, if so, how often; and

(4) whether 100% of the portfolio (excluding cash) was valued by a third-party valuer(s) at some point during the reporting period.

Private equity (applicable to reporting in relation to private equity funds only)

16 Annex 64.34 R For each private equity *fund*, the Funds Information Report must contain the following information relating to the *fund*'s performance metrics:

(1) multiple on invested capital (MOIC) as at the end of the last *business day* of the reporting period;

(2) unlevered gross IRR since the inception of the *fund*;

(3) levered net IRR since the inception of the *fund*; and

(4) unlevered net IRR since the inception of the *fund*.

16 Annex 64.35 R For each private equity *fund*, the Funds Information Report must contain the following information for each *company* that is incorporated in the *UK* that the *fund* has a dominant influence over:

(1) name of the *company*;

(2) Companies House ID (*company* number);

(3) *LEI* (if available); and

(4) unique taxpayer reference (if available).

16 Annex 64.36 R For each private equity *fund*, the Funds Information Report must contain the typical deal or position size that the *fund* invests in.

Loan origination funds (applicable to loan origination funds only)

16 Annex 64.37 R For each loan origination *fund*, the Funds Information Report must contain the following information:

(1) the number of loans;

(2) the capital deployed in reporting period;

(3) the capital deployed to other *funds* or investment vehicles in the reporting period;

(4) the weighted average portfolio loan to value (LTV) – ie, the loan amount divided by the asset value multiplied by 100 (%);

(5) the percentage of *NAV* in non-accrual (90 *days* or more overdue on its interest payment) on the last *business day* of the reporting period;

(6) the percentage of loans with significant amendments to loan documentation over the reporting period (non-grammatical amendments to a document that sets any kind of lending terms between multiple parties, resulting in a change of previously agreed terms);

(7) the percentage of loans with covenant defaults over the reporting period;

(8) the percentage of loans classified as unrecoverable over the reporting period (where a loan is written off by the lender after methods of recovery have been exhausted);

(9) the weighted average spread (WAS);

(10) the percentage *NAV* in first lien;

(11) the percentage *NAV* in second or other lien; and

(12) the average life of loan in portfolio (the average length of time that a loan is held in the portfolio before it reaches a resolution such as full repayment, sale or default).

16 Annex 65 **Fund reporting for asset management entities (FRAME) event-based reporting relating to hedge funds**

16 Annex 65.1 G (1) This Annex belongs to *SUP* 16.36.

(2) This Annex sets out the information that must be provided by an *authorised UK AIFM* or a *third country AIFM marketing* in the *UK* when providing event-based reporting in relation to a *hedge fund* in accordance with *SUP* 16.36.21R.

16 Annex 65.2 R The Funds Information Report must contain the following information relating to the *AIFM* submitting the return and the *hedge fund*:

(1) the *AIFM's* name and Firm Reference Number (FRN); and

(2) the *fund's LEI*.

16 Annex 65.3 R The Funds Information Report must contain the following information relating to the reduction in the *hedge fund's NAV*:

(1) the holding period return over a 10-*day* period as a percentage figure;

(2) the size of the drawdown (absolute amount);

(3) the date of the *fund's* highest *NAV* during the current and previous reporting period; and

(4) the date of calculation of the *NAV* that has triggered the event-based reporting or the date of subsequent calculations while the event-based reporting is ongoing and the *NAV* as at that date.

16 Annex 65.4 R The Funds Information Report must contain the following information and documentation relating to the risk of the reduction in *NAV* of the *hedge fund*:

(1) the amount of highly liquid unencumbered assets and unencumbered cash that is held by the *fund*;

(2) the following details relating to the closest performance trigger under any counterparty agreements:

(a) a description of the form of the trigger, including the proximity of the trigger; and

(b) where relevant, the date that this trigger becomes binding;

(3) a description of the source of the losses and actions taken by the *fund* following the loss;

(4) a copy of the latest risk report provided to investors; and

(5) a copy of the most recent internal risk report.

16 Annex 65.5 G When providing the free text description referred to in *SUP* 16 Annex 65.4R(3), an *AIFM* may provide any information that it believes would be helpful in understanding the information reported.

16 Annex 66 Fund reporting for asset management entities (FRAME) reporting by a residual CIS operator

16 Annex 66.1 G (1) This Annex belongs to *SUP* 16.36.

(2) This Annex sets out the contents of the Funds Information Report referred to in *SUP* 16.36.12R (Regular reporting by a residual CIS operator).

16 Annex 66.2 R (1) A *residual CIS operator* must submit the Funds Information Report containing the information specified in (2) in relation to any *residual CIS* that it *operates*.

(2) The information referred to in (1) is:

(a) the number of *residual CISs operated* by the *firm*;

(b) the aggregate total *NAV* of all of the *firm's residual CISs* in GBP;

(c) the total gross notional amount of derivatives used by all of the *firm's residual CISs* in GBP;

(d) the total gross market value of the long and short positions of all of the *firm's residual CISs* in other investments in GBP; and

(e) for each *residual CIS*, whether it is:

(i) an employee participation scheme or employee savings scheme;

(ii) a securitisation special purpose entity;

(iii) a holding company;

(iv) a joint venture;

(v) a co-investment vehicle;

(vi) a family office vehicle; or

(vii) another vehicle.

16 Annex 67 **Fund reporting for asset management entities (FRAME) reporting by a segregated portfolio manager or adviser**

16 Annex 67.1 G (1) This Annex belongs to *SUP* 16.36.

(2) This Annex sets out the contents of the Funds Information Report referred to in *SUP* 16.36.14R (Regular reporting by a segregated portfolio manager or adviser).

16 Annex 67.2 R A *segregated portfolio manager or adviser* must submit the Funds Information Report containing:

(1) the aggregate figure in GBP of:

(a) the gross notional amount of derivatives for all the *investments* in relation to which the *firm* is *managing investments*; and

(b) the gross market value of long and short positions in other *investments* in relation to which the *firm* is providing that service;

(2) a breakdown of the funds under management (FUM) figure in GBP that is reported by the *firm* in *data item* FSA038 by the following client category types, separated into *UK* and *overseas*:

(a) a family office;

(b) a government entity;

(c) a pension plan or pension fund;

(d) an endowment, foundation or other charitable organisation;

(e) a sovereign wealth fund;

(f) a bank or insurance company; and

(g) other,

and excluding *funds*;

(3) the amount of the funds under management (FUM) figure that is reported by the *firm* in *data item* FSA038 that is managed for a *fund* that is managed by an *overseas AIFM* or *overseas operator* of a *fund* and that is not *marketed* in the *UK*;

(4) a breakdown of the value of assets in relation to which the *segregated portfolio manager or adviser* provides *advice on investments* for each category of the following:

(a) a *UK* pension portfolio/account in relation to a *pension scheme*;

(b) *UK UCITS*;

(c) *EEA UCITS*;

(d) other *recognised scheme*;

(e) a *non-UCITS retail scheme*;

(f) a *qualified investor scheme*;

(g) a *long-term asset fund*;

(h) an *unauthorised AIF* managed by a *UK AIFM*;

(i) an *unauthorised AIF* that is managed by an *overseas AIFM* and that is *marketed* in the *UK*;

(j) an *unauthorised AIF* that is managed by an *overseas AIFM* and that is not *marketed* in the *UK*;

(k) a *residual CIS*; and

(l) other.

Annex C

Amendments to the Collective Investment Schemes sourcebook (COLL)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise indicated.

[*Editor's note*: This Annex takes into account the proposals and legislative changes suggested in the following consultation papers as if they were made final:

- 'Updating the regime for Money Market Funds' (CP23/28); and
- 'The UK AIFM Regime' (CP26/28).

This Annex also takes into account the changes introduced by the Glossary (Cryptoassets) Instrument (FCA 2026/35), which come into force on 25 October 2027.]

6 Operating duties and responsibilities

…

6.6 Powers and duties of the scheme, the authorised fund manager, and the depositary

…

Table of application

6.6.2 R This table belongs to *COLL* 6.6.1R.

Rule	***ICVC***	***ACD***	**Any other *directors* of an *ICVC***	***Depositary* of an *ICVC***	***Authorised fund manager* of an *AUT* or *ACS***	***Depositary* of an *AUT* or *ACS***
…						
6.6.3R	…	…	…	…	…	…
<u>6.6.3GR</u>		<u>x</u>			<u>x</u>	
<u>6.6.3HG</u>		<u>x</u>			<u>x</u>	
…						
6.6.15AR*	…	…	…	…	…	…

6.6.15B R		x			x	
6.6.15C R		x			x	
…						

…

Additional functions of an authorised fund manager of a FIIA

…

6.6.3F R …

Reporting obligations for UCITS schemes and non-UCITS retail schemes

6.6.3G R (1) The *authorised fund manager* of a *UCITS scheme* or a *non-UCITS retail scheme* must regularly report to the *FCA*:

(a) the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements); and

(b) where applicable:

(i) the information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements); and

(ii) the information specified in *SUP* 16 Annex 65 (Fund reporting for asset management entities (FRAME) event-based fund reporting relating to hedge funds).

(2) The information in (1) must be reported in accordance with *SUP* 16.36 (Fund reporting for asset management entities (FRAME)).

6.6.3H G An *authorised fund manager* is not required to report information to the *FCA* under *SUP* 16.36 or *SUP* 16 Annex 63 to *SUP* 16 Annex 65 in relation to any *fund* that is an *MMF*. The relevant reporting requirements are set out in the *Money Market Funds Regulation*.

…

Committees and delegation

…

6.6.15A R …

(2) The *authorised fund manager* has the power to retain the services of any *person* to assist it in the performance of its functions, provided that:

(a) a mandate in relation to *managing investments* of the *scheme* is not given to:

…

(iii) an *authorised person* operating from an establishment in the *United Kingdom* unless such *person* has a *Part 4A permission* to *manage investments* and has a *legal entity identifier*; or

(iv) any other *person* operating from an establishment in a country other than the *United Kingdom* unless such *person*:

(A) is authorised or registered in such country for the purpose of asset management; ~~and~~

(B) is subject to prudential supervision in such country; and in addition if that *person* is not a *UK firm*, co-operation is ensured between the *FCA* and the *overseas regulator* of that *person*; and

(C) has a *legal entity identifier*;

…

…

…

6.6.15B R (1) This *rule* applies to an *authorised UK AIFM* of an *AUT*, *ACS* or an *ICVC* that is a *non-UCITS retail scheme* which is delegating an *AIFM investment management function* that does not fall within *COLL* 6.6.15AR(2)(a).

(2) An *authorised UK AIFM* must ensure that any *person* to whom the *AIFM* delegates such *AIFM investment management functions* has a *legal entity identifier*.

6.6.15C R (1) This *rule* applies to an *authorised UK AIFM* that is the *authorised fund manager* of an *AUT*, *ACS* or an *ICVC* that is a *non-UCITS retail scheme*.

(2) The *authorised fund manager* must ensure that any *depositary* that is appointed as the *depositary* of the *scheme* has a *legal entity identifier*.

…

6.6A Duties of AFMs in relation to UCITS schemes

…

Eligible depositaries for UCITS schemes

6.6A.8 R …

6.6A.8A R In addition to *COLL* 6.6A.8R, the *authorised fund manager* must ensure that the *depositary* of a *UCITS scheme* has a *legal entity identifier*.

…

8 Qualified investor schemes

…

8.5 Powers and responsibilities

…

Duties of the ACD or the authorised contractual scheme manager of a co-ownership scheme: umbrella schemes

…

8.5.3B G …

Reporting obligations for qualified investor schemes

8.5.3C R (1) The *authorised fund manager* of a *qualified investor scheme* must regularly report to the *FCA*:

(a) the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements); and

(b) where applicable:

(i) the information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements); and

(ii) the information specified in *SUP* 16 Annex 65 (Fund reporting for asset management entities (FRAME) event-based fund reporting relating to hedge funds).

(2) The information in (1) must be reported in accordance with *SUP* 16.36 (Fund reporting for asset management entities (FRAME)).

8.5.3D G An *authorised fund manager* is not required to report information to the *FCA* under *SUP* 16.36 or *SUP* 16 Annex 63 to *SUP* 16 Annex 65 in relation to a *fund* that is an *MMF*. The relevant reporting requirements are set out in the *Money Market Funds Regulation*.

…

Delegation

8.5.5 R …

8.5.5A R The *authorised fund manager* must ensure that any *person* to whom the *AIFM* delegates *AIFM investment management functions* or any *depositary* that is appointed as the *depositary* of the *qualified investor scheme* has a *legal entity identifier*.

…

9 Recognised schemes

…

Insert the following new section, COLL 9.6, after COLL 9.5 (OFR recognised schemes). The text is all new and is not underlined.

9.6 Reporting obligations for recognised schemes

Regulatory reporting

9.6.1 R (1) An *operator* of a *recognised scheme* must regularly report the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements) to the *FCA*.

(2) The information in (1) must be reported in accordance with *SUP* 16.36 (Fund reporting for asset management entities (FRAME)).

9.6.2 G An *operator* of a *recognised scheme* is not required to report information to the *FCA* under *SUP* 16.36 or *SUP* 16 Annex 63 to *SUP* 16 Annex 65 in relation to any *recognised scheme* that is an *MMF*. The relevant reporting requirements are set out in the *Money Market Funds Regulation*.

Amend the following as shown.

…

15 Long-term asset funds

…

15.7 Powers and responsibilities of the authorised fund manager and the depositary

…

Duties of the ACD or the authorised contractual scheme manager of a co-ownership scheme: umbrella schemes

…

15.7.5 G …

Reporting obligations for long-term asset funds

15.7.5A R (1) The *authorised fund manager* of a *long-term asset fund* must regularly report to the *FCA*:

(a) the information specified in *SUP* 16 Annex 63 (Fund reporting for asset management entities (FRAME) essential reporting requirements); and

(b) where applicable:

(i) the information specified in *SUP* 16 Annex 64 (Fund reporting for asset management entities (FRAME) enhanced reporting requirements); and

(ii) the information specified in *SUP* 16 Annex 65 (Fund reporting for asset management entities (FRAME) event-based fund reporting relating to hedge funds).

(2) The information in (1) must be reported in accordance with *SUP* 16.36 (Fund reporting for asset management entities).

15.7.5B G An *authorised fund manager* is not required to report information to the *FCA* under *SUP* 16.36 or *SUP* 16 Annex 63 to *SUP* 16 Annex 65 in relation to a *fund* that is an *MMF*. The relevant reporting requirements are set out in the *Money Market Funds Regulation*.

…

Delegation

15.7.8 G …

15.7.8A R The *authorised fund manager* must ensure that any *person* to whom the *AIFM* delegates *AIFM investment management functions* or any *depositary* that is appointed as the *depositary* of the *long-term asset fund* has a *legal entity identifier*.

…

Appendix 2

Fund Reporting for Asset Management Entities (No 2)

FUND REPORTING FOR ASSET MANAGEMENT ENTITIES (No 2) INSTRUMENT 202X

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the following powers and related provisions in or under:

(1) the following sections of the Financial Services and Markets Act 2000 ("the Act"):

(a) section 137A (The FCA's general rules);
(b) section 137T (General supplementary powers);
(c) section 139A (Power of the FCA to give guidance);
(c) section 242 (Applications for authorisation of unit trust schemes);
(d) section 247 (Trust scheme rules);
(e) section 261C (Applications for authorisation of contractual schemes); and
(f) section 261I (Contractual scheme rules);

(2) the following regulations of the Open-Ended Investment Companies Regulations 2001 (SI 2001/1228):

(a) regulation 6(1) (FCA rules); and
(b) regulation 12 (Applications for authorisation);

(3) the following powers in the Alternative Investment Fund Managers Regulation 2013 (SI 2013/1773):

(a) regulation 7 (Changes in conditions relevant to authorisation);
(b) regulation 21 (Disclosure obligations of small registered UK AIFMs);
(c) regulation 54 (FCA approval for marketing);
(d) regulation 55 (Change to information provided with application); and
(e) regulation 61 (Material change to information);

(4) article 14 of the UK version of Regulation (EU) No 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds;

(5) article 15 of the UK version of Regulation (EU) No 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds;

(6) the following powers in the [Alternative Investment Fund Managers Regulations 2026:

(a) regulation 18 (Directions to RVECA and SEF Managers to provide information);
(b) regulation 20 (Application for RVECA and SEF registration); and

(c) regulation 32 (Manner and content of notifications)]; and

(7) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA's Handbook.

B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. Annex A, Part 1 of Annex B, and Annex D come into force on [*date*].

D. Annex C comes into force on [*date*].

E. Part 2 of Annex B comes into force immediately after the revocation of the UK version of Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/16/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision.

Amendments to the Handbook

F. The modules of the FCA's Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below

(1)	(2)
Glossary of definitions	Annex A
Supervision manual (SUP)	Annex B
Collective Investment Schemes sourcebook (COLL)	Annex C
Investment Funds sourcebook (FUND)	Annex D
Product Disclosure sourcebook (DISC)	Annex E

Notes

G. In the Annexes to this instrument, the notes (indicated by "**Note:**" or "*Editor's note*:") are included for the convenience of readers but do not form part of the legislative text.

Citation

H. This instrument may be cited as the Fund Reporting for Asset Management Entities (No 2) Instrument 202X.

By order of the Board
[*date*]

Annex A

Amendments to the Glossary of definitions

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

[*Editor's note*: This Annex takes into account the proposals and legislative changes suggested in the consultation papers 'The UK AIFM Regime' (CP26/28), 'Improving the UK transaction reporting regime' (CP25/32) and 'Updating the regime for Money Market Funds' (CP23/28) as if they were made final.]

hedge fund	(in *SUP*) an *unauthorised AIF* which is an *open-ended AIF* in relation to which both (a) and (b) are satisfied: (a) a *person* involved in the management of the *AIF* or the selection of *investments* (whether delegated or otherwise) is entitled to be paid a performance fee or allocation calculated wholly or partly by reference to unrealised gains even if such a fee or allocation is not payable for a particular period; and (b) it is possible for the exposure of the *AIF* to be increased by borrowing either cash or *securities* in an amount in excess of half of the *AIF's NAV* or embedding *leverage* in *derivative* positions in excess of twice the *AIF's NAV*.

[*Editor's note*: For convenience, the definition of 'hedge fund' is also included in the draft Fund Reporting for Asset Management Entities Instrument 202X, which also forms part of this consultation.]

standalone AIF	an *AIF* which satisfies (a) and (b): (a) the *AIF* does not have any *sub-funds*; and (b) the *AIF's instrument constituting the fund* does not enable it to have any *sub-funds*.
umbrella AIF	an *AIF* which has an *instrument constituting the fund* that enables it to have one *sub-fund* or more.

Annex B

Amendments to the Supervision manual (SUP)

Part 1: Comes into force on [*date*]

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

15 Notifications to the FCA

…

15.3 General notification requirements

…

UK AIFMs

…

15.3.27A R (1) A *full-scope UK AIFM* must notify the *FCA* of material changes under *SUP* 15.3.26R in the following manner:

~~(1)~~ (a) for the management of a new *AIF* or a new investment compartment of an *AIF*, by using the form in *SUP* 15 Annex 6AR;

~~(2)~~ (b) for changes of *senior personnel* whose appointment is not required to be approved by the *FCA* under section 59 of the *Act*, by using the form in *SUP* 15 Annex 6BR; and

~~(3)~~ (c) for all other material changes, by using the form in *SUP* 15 Annex 6CR.

(2) Subject to *SUP* 15.3.27BR, the notifications in (1)(a) and (c) must be submitted using the appropriate online system available through the *FCA* website.

15.3.27B R If the information technology systems used by the *FCA* fail and online submission is unavailable for 24 hours or more, *SUP* 15.7.4R to *SUP* 15.7.9G (Method of notification) apply as if they applied to a notification under *SUP* 15.3.27AR until such time as the facilities for online submission are restored.

15.3.28 R Where a *small authorised UK AIFM* no longer meets the conditions in regulation 9 (meaning of "small AIFM") of the *AIFMD UK regulation* it must:

(1) immediately notify the *FCA* using the form in *SUP* 15 Annex 6DR and (subject to *SUP* 15.3.27AR) submitting it using the appropriate online system available through the *FCA* website; and

…

15.3.29 R (1) A *small authorised UK AIFM* must notify the *FCA* before it starts to manage a new *AIF* or a new investment compartment of an *AIF* using the form in *SUP* 15 Annex 6AR and (subject to *SUP* 15.3.27AR) submitting it using the appropriate online system available through the *FCA* website.

…

15.3.30 D (1) A *small registered UK AIFM* must notify the *FCA* of changes in the following manner:

(a) for the management of a new *AIF* or a new investment compartment of an *AIF*, by using the form in *SUP* 15 Annex 6AR and (subject to *SUP* 15.3.30AD) submitting it using the appropriate online system available through the *FCA* website;

…

(2) if it no longer meets the conditions in regulation 9 (meaning of "small AIFM") of the *AIFMD UK regulation*, by using the form in *SUP* 15 Annex 6DR and (subject to *SUP* 15.3.30AD) submitting it using the appropriate online system available through the *FCA* website; and

(3) if it ceases to meet the conditions for registration in regulation 15(1) (small registered AIFMs ceasing to meet the requirements for registration), by using the form in *SUP* 15 Annex 6ED and (subject to *SUP* 15.3.30AD) submitting it using the appropriate online system available through the *FCA* website.

15.3.30A D If the information technology systems used by the *FCA* fail and online submission is unavailable for 24 hours or more, *SUP* 15.7.4R to *SUP* 15.7.9G (Method of notification) apply as if they applied to a notification under *SUP* 15.3.30D until such time as the facilities for online submission are restored.

15.3.31 G A *SEF manager* or ~~a~~ an *RVECA manager* should notify the *FCA* of the following changes in the following manner:

(1) for changes to *senior personnel*, by using the form in *SUP* 15 Annex 6BR; and

(2) for changes to the jurisdiction in which its *SEF* or *RVECA* is marketed or to *market* a new *SEF* or *RVECA*, by using the form in *SUP* 15 Annex 6FG and (subject to *SUP* 15.3.31AG) submitting it using the appropriate online system available through the *FCA* website.

15.3.31A G If the information technology systems used by the *FCA* fail and online submission is unavailable for 24 hours or more, *SUP* 15.7.4R to *SUP* 15.7.9G (Method of notification) apply as if they applied to a notification under *SUP* 15.3.31G until such time as the facilities for online submission are restored.

…

15.7 Form and method of notification

…

Method of notification

15.7.4 R Unless stated in the *notification rule*, or on the relevant form (if specified), a written notification required from a *firm* under any *notification rule* must be:

(1) given to or addressed for the attention of the *firm's* usual supervisory contact at the *FCA*; and

(2) delivered to the *FCA* by one of the methods in *SUP* 15.7.5AR.

…

15 Annex 6AR AIFMD new fund under management notification

15 Annex 6A R This annex consists of one or more forms. ~~Forms can be completed online now by visiting https://handbook.fca.org.uk/forms~~ This form must be completed using the appropriate online system available through the *FCA* website.

[*Editor's note*: insert link]

...

Filling in the form [*Editor's note*: This text is not new but appears underlined.]

1. If you are using your computer to complete the form:

   - use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question and
   - ~~print out the form~~ ensure you have completed and ~~sign~~ signed the declaration. An electronic signature is sufficient.

~~2.~~ ~~If you are filling in the form by hand:~~

   - ~~use black ink~~
   - ~~write clearly and~~
   - ~~sign the declaration.~~

~~3~~ 2. Attached documents should be in final form and saved using the document naming convention AIFMD NEWAIF XXXXXX FRN###### YYYYMMDD replacing the X with an intuitive description of the documents, for example PROSPECTUS, PPM, LPA and replacing # with your six-digit FRN.

Submitting the form [*Editor's note*: This text is new and is underlined.]

~~4~~ 3. Submit the form ~~by email to AIFMDMaterialChange@fca.org.uk~~ using the appropriate online system available through the FCA website. If the information technology systems used by the FCA fail and online submission is unavailable for 24 hours or more, SUP 15.7.4R to SUP 15.7.9G (Method of notification) apply to the submission of this notification form until such time as the facilities for online submission are restored.

~~Alternatively you may post the application to the FCA at:~~

~~Fund Authorisations Team~~
~~Asset Management Department, Wholesale Supervision~~
~~The Financial Conduct Authority~~
~~12 Endeavour Square~~
~~LONDON~~
~~E20 1JN~~

...

…

15 Annex 6CR		**AIFMD full-scope UK AIFM material change notification**
15 Annex 6C	R	This annex consists of one or more forms. ~~Forms can be completed online now by visiting https://handbook.fca.org.uk/forms~~ This form must be completed using the appropriate online system available through the *FCA* website. [*Editor's note*: insert link]

…

Reporting of sub-funds [*Editor's note*: This text is not new but appears underlined.]

…

Submitting the form [*Editor's note*: This text is new and is underlined.]

Submit the form ~~by email to AIFMDMaterialChange@fca.org.uk~~ using the appropriate online system available through the FCA website. An electronic signature is sufficient. If the information technology systems used by the FCA fail and online submission is unavailable for 24 hours or more, SUP 15.7.4R to SUP 15.7.9G (Method of notification) apply to the submission of this notification form until such time as the facilities for online submission are restored.

~~Alternatively you may post the application to the FCA at:~~

~~Fund Authorisation Team~~
~~Asset Management Department~~
~~The Financial Conduct Authority~~
~~12 Endeavour Square~~
~~LONDON E20 1JN~~

…

15 Annex 6DR **AIFMD notice of sub-threshold AIFM exceeding AuM limit**

15 Annex 6D R This annex consists of one or more forms. ~~Forms can be completed online now by visiting https://handbook.fca.org.uk/forms~~ This form must be completed using the appropriate online system available through the *FCA* website.

[*Editor's note*: insert link]

...

Filling in the form [*Editor's note*: This text is not new but appears underlined.]

1 If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question and
- ~~print out the form~~ ensure you have completed and ~~sign~~ signed the declaration. An electronic signature is sufficient.

~~**2** If you are filling in the form by hand:~~

- ~~use black ink~~
- ~~write clearly and~~
- ~~sign the declaration.~~

~~**3**~~ **2** If you think a question is not relevant to you, write or select 'not applicable' and explain why.

~~**4**~~ **3** If you leave a question blank, do not sign the declaration without telling us why, we will have to treat the application as incomplete. This will increase the time taken to assess your application.

~~**5** If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number.~~

Submitting the form [*Editor's note*: This text is new and is underlined.]

~~**6**~~ **4** ~~The form should be submitted by email to AIFMDSupervisionTriage@fca.org.uk~~ Submit the form using the appropriate online system available through the FCA website. If the information technology systems used by the FCA fail and online submission is unavailable for 24 hours or more, SUP 15.7.4R to SUP 15.7.9G (Method of notification) apply to the submission of this notification form until such time as the facilities for online submission are restored.

~~Alternatively, you can post the application to the FCA at:~~

~~**Fund Authorisation Team**~~
~~**Asset Management Department**~~
~~**The Financial Conduct Authority**~~
~~**12 Endeavour Square**~~
~~**LONDON**~~
~~**E20 1JN**~~

...

…

15 Annex 6FG	**SEF and RVECA management and marketing notifications**	
15 Annex 6F	G	This annex consists of one or more forms. ~~Forms can be completed online now by visiting https://handbook.fca.org.uk/forms~~ This form must be completed using the appropriate online system available through the *FCA* website. [*Editor's note*: insert link]

…

Reporting of sub-funds [*Editor's note*: This text is not new but appears underlined.]

…

Submitting the form [*Editor's note*: This text is new and is underlined.]

Submit the form ~~by email to AIFMDMaterialChange@fca.org.uk~~ using the appropriate online system available through the FCA website. An electronic signature is sufficient. If the information technology systems used by the FCA fail and online submission is unavailable for 24 hours or more, SUP 15.7.4R to SUP 15.7.9G (Form and method of notification) apply to the submission of this notification form until such time as the facilities for online submission are restored.

~~Alternatively you may post the application to the FCA at:~~

~~Fund Authorisations Team~~
~~Asset Management Department, Wholesale Supervision~~
~~The Financial Conduct Authority~~
~~12 Endeavour Square~~
~~LONDON~~
~~E20 1JN~~

…

Part 2: Comes into force on [*date*].

[*Editor's note*: Part 2 of this Annex takes into account the proposals and legislative changes suggested in the consultation papers 'The UK AIFM Regime' (CP26/28), 'Improving the UK transaction reporting regime' (CP25/32) and 'Updating the regime for Money Market Funds' (CP23/28), and in Part 1 of this Annex, as if they were made final.]

15 Notifications to the FCA

…

15.3 General notification requirements

…

UK AIFMs

15.3.26 R (1) ~~A *full-scope UK AIFM*~~ An *authorised UK AIFM* must notify the *FCA* before implementing any material and other changes to:

(a) the conditions under which it was granted *permission* to *manage an AIF*, in particular to the information it provided in its application for that *permission*; and

(b) any *AIF* managed by the *AIFM*.

(2) The changes which must be notified are:

(a) the management of a new *AIF* or *sub-fund* of an *AIF*;

(b) changes of *senior personnel* in an *internally managed AIF* that is a *medium UK AIFM* or a *large UK AIFM*; and

(c) the other changes specified in *SUP* 15 Annex 16 (Material and other changes to be notified by an AIFM).

~~[Note: article 10(1) of *AIFMD*]~~

15.3.27 G ~~Changes that the *FCA* would expect to be notified of under *SUP* 15.3.26R include:~~ [deleted]

~~(1) an *AIFM* being appointed to manage another *AIF*;~~

~~(2) the appointment of a different *depositary* for an *AIF* the *AIFM* manages; and~~

~~(3) the appointment of any new *senior personnel* if the *AIFM* is not required to apply for the *FCA's* approval for that appointment under section 59 of the *Act*.~~

15.3.27A R (1) ~~A *full-scope UK AIFM*~~ An *authorised UK AIFM* must notify the *FCA* of the material changes under *SUP* 15.3.26R in the following manner:

(a) for the management of a new *AIF* or a new ~~investment compartment~~ *sub-fund* of an *AIF*, ~~by using the form in *SUP* 15 Annex 6AR~~ by submitting the relevant information specified in *SUP* 15 Annex 15 (UK AIFMs: new fund under management notification);

(b) for changes of *senior personnel* in an *internally managed AIF* that is a *medium UK AIFM* or a *large UK AIFM* whose appointment is not required to be approved by the *FCA* under section 59 of the *Act*, by using the form in *SUP* 15 Annex 6BR; and

(c) for all other ~~material~~ changes specified in *SUP* 15 Annex 16.6R to *SUP* 15 Annex 16.39R, by ~~using the form in *SUP* 15 Annex 6CR~~ submitting the relevant information set out in *SUP* 15 Annex 16.40R to *SUP* 15 Annex 79R.

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15.3.28 R ~~Where a *small authorised UK AIFM* no longer meets the conditions in regulation 9 (meaning of "small AIFM") of the *AIFMD UK regulation* it must:~~ [deleted]

~~(1) immediately notify the *FCA* using the form in *SUP* 15 Annex 6DR and (subject to *SUP* 15.3.27AR) submitting it using the appropriate online system available through the *FCA* website; and~~

~~(2) within 30 calendar days, apply to the *FCA* for a variation of its *permission* to become a *full-scope UK AIFM*.~~

~~[Note: article 3(3) second and third paragraphs of *AIFMD*]~~

15.3.29 R ~~(1) A *small authorised UK AIFM* must notify the *FCA* before it starts to manage a new *AIF* or a new investment compartment of an *AIF* using the form in *SUP* 15 Annex 6AR and (subject to *SUP* 15.3.27AR) submitting it using the appropriate online system available through the *FCA* website.~~ [deleted]

~~(2) (1) does not apply where:~~

~~(a) the management of the new *AIF* or investment compartment would result in the *AIFM* exceeding the relevant threshold of assets under management so that it will no longer meet the conditions in regulation 9 (meaning of "small AIFM") of the *AIFMD UK regulation* (see *SUP* 15.3.28R); or~~

~~(b) the *AIF* is a *SEF* or *RVECA* (see *SUP* 15.3.31G).~~

15.3.30 D ~~A *small registered UK AIFM* must notify the *FCA* of changes in the following manner:~~ [deleted]

~~(1) (a) for the management of a new *AIF* or a new investment compartment of an *AIF*, by using the form in *SUP* 15 Annex 6AR and (subject to *SUP* 15.3.30AD) submitting it using the appropriate online system available through the *FCA* website;~~

~~(b) (a) does not apply where:~~

~~(i) the management of the new *AIF* or investment compartment would result in the *AIFM* exceeding the relevant threshold of assets under management so that it will no longer meet the conditions in regulation 9 (meaning of "small AIFM") of the *AIFMD UK regulation* (see (2)); or~~

~~(ii) the *AIF* is a *SEF* or *RVECA* (see *SUP* 15.3.31G);~~

~~(2) if it no longer meets the conditions in regulation 9 (meaning of "small AIFM") of the *AIFMD UK regulation*, by using the form in *SUP* 15 Annex 6DR and (subject to (subject to *SUP* 15.3.30AD) submitting it using the appropriate online system available through the *FCA* website; and~~

~~(3) if it ceases to meet the conditions for registration in regulation 15(1) (small registered AIFMs ceasing to meet the requirements for registration), by using the form in *SUP* 15 Annex 6ED and (subject to SUP 15.3.30AD) submitting it using the appropriate online system available through the *FCA* website.~~

15.3.30A D ~~If the information technology systems used by the *FCA* fail and online submission is unavailable for 24 hours or more, *SUP* 15.7.4R to *SUP* 15.7.9G Method of notification) apply as if they applied to a notification under *SUP* 15.3.30D until such time as the facilities for online submission are restored.~~ [deleted]

15.3.31 G A *SEF manager* or an *RVECA manager* should notify the *FCA* of the following changes in the following manner:

(1) for changes to *senior personnel*, by using the form in *SUP* 15 Annex 6BR; ~~and~~

(2) for changes to the jurisdiction in which its *SEF* or *RVECA* is marketed or to *market* a new *SEF* or *RVECA*, by ~~using the form in SUP 15 Annex 6FG and~~ (subject to *SUP* 15.3.31AG) submitting ~~it~~ the relevant information set out in *SUP* 15 Annex 16 using the appropriate online system available through the *FCA* website~~.~~; and

(3) if it ceases to meet the any of the conditions in regulations 7 and 9 of the *AIFM Regulations* (subject to *SUP* 15.3.31AG), by submitting the relevant information set out in *SUP* 15 Annex 16 using the appropriate online system available through the *FCA* website.

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15 Annex 6	**~~Notifications by~~ Notification form for UK AIFMs**

~~15 Annex 6~~ 15 Annex 6.1	~~R~~ G	This annex consists of one ~~or more forms~~ form. ~~Forms~~ It can be completed online now by visiting/form [*Editor's note*: insert link]
15 Annex 6.2	G	The ~~forms~~ form ~~referred to below~~ can be found in the following ~~Annexes~~ Annex in *SUP*:
		~~*SUP* 15 Annex 6AR - AIFMD new fund under management notification~~
		SUP 15 Annex 6BR - ~~AIFMD~~ AIFM new fund under management notification
		~~*SUP* 15 Annex 6CR - AIFMD full-scope UK AIFM material change notification~~
		~~SUP 15 Annex 6DR - AIFMD notice of sub-threshold AIFM exceeding AuM limit~~
		~~SUP 15 Annex 6ED - AIFMD small registered AIFM change form~~
		~~*SUP* 15 Annex 6FG - SEF and RVECA management and marketing notifications~~

SUP 15 Annex 6AR (AIFMD new fund under management notification) is deleted in its entirety. The deleted annex is not shown but is marked as deleted, as shown below.

15 Annex 6AR	**~~AIFMD new fund under management notification~~ [deleted]**

Amend the following as shown.

15 Annex 6BR	**~~AIFMD~~ AIFM notification of senior personnel amendments or removal form**

16 Annex 6B	R	This annex consists of one or more forms. Forms can be completed online now by visiting [*Editor's note*: insert link]

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Purpose of this pack [*Editor's note*: This text is not new but appears underlined.]

This form is for use by firms that are:

- ~~Full-scope internally managed UK AIFMs~~ Internally managed AIFs that are medium UK AIFMs or large UK AIFMs
- ~~EuSEF managers~~ SEF managers
- ~~EuVECA managers~~ RVECA managers.

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SUP 15 Annex 6CR (AIFMD full-scope UK AIFM material change notification), SUP 15 Annex 6DR (AIFMD notice of sub-threshold AIFM exceeding AuM limit), SUP 15 Annex 6ED (AIFMD small registered AIFM change form) and SUP 15 Annex 6FG (SEF and RVECA management and marketing notifications) are deleted in their entirety. The deleted annexes are not shown but are marked as deleted, as shown below.

15 Annex 6CR	**~~AIFMD full-scope UK AIFM material change notification~~ [deleted]**
15 Annex 6DR	**~~AIFMD notice of sub-threshold AIFM exceeding AuM limit~~ [deleted]**
15 Annex 6ED	**~~AIFMD small registered AIFM manager change form~~ [deleted]**
15 Annex 6FG	**~~SEF and RVECA management and marketing notifications~~ [deleted]**

Insert the following new annexes, SUP 15 Annex 15 and SUP 15 Annex 16, after SUP 15 Annex 14R (Notification Procedures for Changes to the Management Body for Non-SMF Directors). The text is all new and is not underlined.

15 Annex 15 **UK AIFMs: new fund under management notification**

Application

15 Annex 15.1 G (1) This annex belongs to *SUP* 15.3.26R, *SUP* 15.3.27AR and *SUP* 15.3.31G.

(2) In accordance with those provisions, this annex applies to *authorised UK AIFMs* and *SEF or RVECA managers*.

(3) The annex sets out the notification requirements for *authorised UK AIFMs* and *SEF and RVECA managers* relating to the management of a new *AIF* or a new *sub-fund* of an *AIF*.

Definitions

15 Annex 15.2 R In this annex, the definitions in the table below have the meanings given.

CTA	commodity trading advisor
FRN	firm reference number
PRN	an *AIF's* or *sub-fund's* product reference number
qualifying RVECA investment	a qualifying investment within the meaning of article 3(e) of the *RVECA Regulation*
qualifying RVECA portfolio undertaking	a qualifying portfolio undertaking within the meaning of article 3(d) of the *RVECA Regulation*
qualifying SEF investment	a qualifying investment within the meaning of article 3(e) of the *SEF Regulation*
qualifying SEF portfolio undertaking	a qualifying portfolio undertaking within the meaning of article 3(d) of the *SEF Regulation*

Requirement to provide information before managing a new AIF or sub-fund

15 Annex 15.3 R An *AIFM* to which this annex applies must provide the information specified in *SUP* 15 Annex 15.4R to *SUP* 15 Annex 15.57R before managing a new *AIF* or *sub-fund* of an *AIF*.

General information about the notifying AIFM

15 Annex 15.4 R The notifying *AIFM* must provide the following information about the *AIFM*:

(1) its name;

(2) its FRN;

(3) its country of *establishment*;

(4) its *LEI*; and

(5) whether it is a *large UK AIFM*, a *medium UK AIFM* or a *small UK AIFM*.

Basic information about the new AIF or sub-fund

15 Annex 15.5 R The notifying *AIFM* must provide the following information about the relevant new *AIF* or *sub-fund*:

(1) whether it is:

(a) a new *standalone AIF*;

(b) a new *umbrella AIF* with one or more *sub-fund*; or

(c) a new *sub-fund* of an existing *umbrella AIF*;

(2) an explanation of the rationale for the new *AIF* or *sub-fund*;

(3) its legal name;

(4) an explanation of why the name has been chosen;

(5) the *AIF's* or *sub-fund's LEI*;

(6) whether the *AIF* or *sub-fund* is:

(a) a private *company* limited by *shares*;

(b) a public limited *company*;

(c) another type of *body corporate*;

(d) a *limited partnership*;

(e) a *limited liability partnership*;

(f) any other type of *partnership*;

(g) a trust-based *fund*, including a *unit trust scheme*;

(h) a contractual based *fund*, including a contractual *scheme*;

(i) a segregated portfolio *company*; or

(j) another type of legal structure;

(7) if the *AIFM* is notifying a new *sub-fund*, the PRN of the *umbrella AIF*;

(8) the *AIF's* or *sub-fund's* expected launch date or date of inception;

(9) the country in which the *AIF* or *sub-fund* is or will be *established* and an explanation of why that country was chosen;

(10) whether the *AIF* or (where relevant) *sub-fund* is intended to be:

(a) a *SEF*;

(b) an *RVECA*;

(c) an *EIS*;

(d) a seed enterprise investment scheme;

(e) a private credit *fund*;

(f) a private equity *fund*;

(g) a loan origination *fund*;

(h) a commodity *fund*;

(i) a real estate *fund*;

(j) an infrastructure *fund*;

(k) a *fund* of *funds*;

(l) a reserved investor *fund*;

(m) a continuation *fund*;

(n) an *MMF*;

(o) an *investment trust*;

(p) equity *fund*;

(q) fixed income *fund*;

(r) multi-asset *fund*; or

(s) *hedge fund*;

(11) whether the *AIF* or *sub-fund* will be listed on an *RIE* or an *ROIE*;

(12) whether the *AIF* or *sub-fund* is intended to have a fixed term or duration and, if so, when that will end;

(13) whether the AIF or *sub-fund* will make use of a *sustainability label*; and

(14) whether the *AIF* is an *open-ended AIF* or a *closed-ended AIF*.

Parties involved in the management and operation of the AIF

15 Annex 15.6 R The notifying *AIFM* must state whether the *AIF* will have a *depositary*. If so, the following information must be provided:

(1) whether the *depositary* is authorised by the *FCA*;

(2) the *depositary's* FRN;

(3) the *depositary's LEI*;

(4) the *depositary's* legal name;

(5) the *depositary*'s registered office or other primary business address;

(6) the *depositary*'s country of incorporation; and

(7) the functions performed by the *depositary*.

15 Annex 15.7 R The notifying *AIFM* must state whether the *AIFM* will use a third-party valuer. If so, the following information must be provided:

(1) whether the valuer is an *authorised person* and, if so, its FRN;

(2) the valuer's legal name; and

(3) the valuer's registered office and primary business address.

15 Annex 15.8 R The notifying *AIFM* must state whether the *AIFM* is delegating the *AIFM investment management function* of portfolio management. If so, the following information must be provided:

(1) the name of the delegate;

(2) the proportion of the *AIF's* or *sub-fund's* investments which the delegate will be responsible for managing;

(3) the *LEI* of the delegate;

(4) the country in which the delegate is established;

(5) a summary of the objective reasons for delegating portfolio management;

(6) confirmation that either:

(a) the delegate is authorised or registered for the purposes of asset management and subject to supervision; or

(b) does not need to be authorised or registered or subject to supervision to perform the delegated function in the jurisdiction where it is being carried on; and

(7) confirmation that all contractual arrangements are in place with the delegate.

15 Annex 15.9 R The notifying *AIFM* must state whether the *AIFM* is delegating the *AIFM investment management function* of risk management. If so, the following information must be provided:

(1) the name of the delegate;

(2) the delegate's *LEI*;

(3) the country in which the delegate is established;

(4) a summary of the objective reasons for delegating risk management; and

(5) confirmation that all contractual arrangements are in place with the delegate.

15 Annex 15.10 R The notifying *AIFM* must state whether the *AIFM* is using the services of an *appointed representative*. If so, the following information must be provided:

(1) the FRN of the *appointed representative*;

(2) the name of the *appointed representative*; and

(3) details of the functions being performed by the *appointed representative*.

Investment objective, investment policy and investment strategy

15 Annex 15.11 R The notifying *AIFM* must provide details of the new *AIF's* or *sub-fund's*:

(1)

(a) financial and (where applicable) non-financial investment objectives; and

(b) the time period over which the *AIF* or *sub-fund* aims to achieve those objectives;

(2) investment policy; and

(3) target volatility.

15 Annex 15.12 R The notifying *AIFM* must provide information about the new *AIF's* or *sub-fund's* predominant investment strategy, selecting the appropriate category or categories from the following:

(1) cash management;

(2) passive or index tracking;

(3) multi-strategy;

(4) equity long bias;

(5) equity long/short;

(6) equity market neutral;

(7) equity short bias;

(8) equity activist;

(9) equity event driven/special situations;

(10) direct lending;

(11) asset-based lending/asset-based finance;

(12) mezzanine capital/mezzanine debt;

(13) credit long/short;

(14) distressed/restructuring;

(15) other credit/opportunistic credit;

(16) convertible arbitrage;

(17) fixed income relative value/arbitrage;

(18) volatility relative value/arbitrage;

(19) other relative value/arbitrage;

(20) global macro;

(21) managed futures/CTA;

(22) quantitative systematic;

(23) merger/risk arbitrage;

(24) buyout/leveraged buyout;

(25) growth capital;

(26) venture capital; or

(27) other strategy.

15 Annex 15.13 R The notifying *AIFM* must state the *AIF's* or *sub-fund's* base currency.

15 Annex 15.14 R The notifying *AIFM* must state whether the *AIF* or *sub-fund* will be a *master AIF*.

15 Annex 15.15 R The notifying *AIFM* must state whether the *AIF* or *sub-fund* will be a *feeder AIF* and, if so:

(1) the *master AIF's* name;

(2) the *master AIF's LEI*;

(3) the country where the *master AIF* is *established*; and

(4) where the *master AIF* is reporting to the *FCA* under *SUP* 16 (Reporting requirements), whether the *AIFM* is electing to exempt the *feeder AIF* from reporting under *SUP* 16.

15 Annex 15.16 R The notifying *AIFM* must select the largest country or region to which the *AIF* or *sub-fund* will be exposed from:

(1) the *UK*;

(2) Africa;

(3) Antarctica;

(4) Asia

(5) Australia;

(6) Europe;

(7) North America; and

(8) South America.

15 Annex 15.17 R The notifying *AIFM* must state whether the *AIF* or *sub-fund* will be managed actively or passively.

15 Annex 15.18 R In relation to *leverage*, the notifying *AIFM* must state:

(1) whether the *AIF* or *sub-fund* will use *leverage* for investment purposes;

(2) whether the *AIF* or *sub-fund* will employ financial *leverage* (borrowing) and, if so, the typical maximum gross notional amount that would be employed in percentage terms; and

(3) whether the *AIF* or *sub-fund* intends to employ synthetic *leverage* (through *derivatives* or similar instruments) and, if so, the typical maximum gross notional amount that would be employed in percentage terms.

SEF managers

15 Annex 15.19 R The notifying *AIFM* must give details of the overall social outcomes targeted by the *AIF* and the methods used to measure these targeted outcomes.

15 Annex 15.20 R The notifying *AIFM* must confirm that at least 70% of the aggregate capital contributions and uncalled committed capital of the *AIF* are intended to be invested in assets that are classified as qualifying SEF investments.

15 Annex 15.21 R The notifying *AIFM* must confirm that no more than 30% of the aggregate capital contributions and uncalled capital of the *AIF* will be used for acquisition of assets other than qualifying SEF investments.

15 Annex 15.22 R The notifying *AIFM* must confirm that where the *AIF* invests in qualifying SEF portfolio undertakings that are established *overseas*, the *AIFM* will take sufficient measures to ensure that each of the SEF portfolio undertakings will fulfil the requirements of article 3(1)(d)(v) of the *SEF Regulation*.

15 Annex 15.23 R The notifying *AIFM* must state whether any portion of the *AIF* will be invested in one or several other *SEFs* and, if so, details of which *SEFs* the *AIF* will look to invest in, including an explanation of compliance with article 3(1)(e)(iii) of the *SEF Regulation*.

15 Annex 15.24 R The notifying *AIFM* must confirm that, at the time of investment by the *AIF*, the achievement of measurable positive social impact will be the primary objective of each of the qualifying SEF portfolio undertakings in which the *AIF* invests.

15 Annex 15.25 R The notifying *AIFM* must confirm that:

(1) the *AIFM* has procedures to measure the extent to which the qualifying SEF portfolio undertakings that the *AIF* invests in achieve the positive social impact they are committed to; and

(2) the procedures in (1) meet the requirements of article 10(1) of the *SEF Regulation*.

15 Annex 15.26 R The notifying *AIFM* must confirm that the *AIFM* can demonstrate that it will not employ at the level of the *AIF* any method by which the exposure of the *fund* will be increased beyond the level of its committed capital.

15 Annex 15.27 R The notifying *AIFM* must confirm that the rules for the valuation of assets are set out in the *AIF's* rules or *instrument constituting the fund* and that these valuation rules ensure a sound and transparent valuation process.

15 Annex 15.28 R The notifying *AIFM* must confirm that the valuation procedures used ensure that the assets are valued properly and that the net asset value is calculated at least annually.

15 Annex 15.29 R The notifying *AIFM* must provide a description of the *AIF's* borrowing and/or *leverage* policies.

15 Annex 15.30 R The notifying *AIFM* must confirm that the *AIF* will be *marketed* exclusively to investors who are:

(1) *professional investors*;

(2) *retail investors* who commit to invest a minimum of €100,000 and state in writing, in a separate document from the contract that is concluded for the commitment to invest, that they are aware of the risks associated with the envisaged commitment; and

(3) executives, directors or employees involved in the management of the *SEF manager* when investing in the *SEFs* that they manage.

Managers of RVECAs

15 Annex 15.31 R The notifying *AIFM* must confirm that at least 70% of the aggregate capital contributions and uncalled committed capital of the *AIF* are intended to be invested in assets that are classified as qualifying RVECA investments.

15 Annex 15.32 R The notifying *AIFM* must confirm that no more than 30% of the aggregate capital contributions and uncalled capital of the *AIF* will be used for acquisition of assets other than qualifying RVECA investments.

15 Annex 15.33 R The notifying *AIFM* must confirm that where the *AIF* invests in qualifying RVECA portfolio undertakings that are established *overseas*, the *AIFM* will take sufficient measures to ensure that each of the RVECA portfolio undertakings will fulfil the requirements of article 3(e)(iv) of the *RVECA Regulation*.

15 Annex 15.34 R The notifying *AIFM* must confirm that the *AIFM* can demonstrate that it will not employ at the level of the *AIF* any method by which the exposure of the *fund* will be increased beyond the level of its committed capital.

15 Annex 15.35 R The notifying *AIFM* must confirm that the rules for the valuation of assets are set out in the *AIF's* rules or *instrument constituting the fund* and that these valuation rules ensure a sound and transparent valuation process.

15 Annex 15.36 R The notifying *AIFM* must confirm that the valuation procedures used ensure that the assets are valued properly and that the net asset value is calculated at least annually.

15 Annex 15.37 R The notifying *AIFM* must provide a description of the *AIF's* borrowing and/or *leverage* policy.

15 Annex 15.38 R The notifying *AIFM* must confirm that the *AIF* will be *marketed* exclusively to investors who are:

(1) *professional investors*;

(2) *retail investors* who commit to invest a minimum of €100,000 and state in writing, in a separate document from the contract that is concluded for the commitment to invest, that they are aware of the risks associated with the envisaged commitment; and

(3) executives, directors or employees involved in the management of the *RVECA manager* when investing in the *RVECAs* that they manage.

Information relating to the investor base

15 Annex 15.39 R The notifying *AIFM* must state the *net asset value* of the *AIF* or *sub-fund* in GBP at the date of the notification.

15 Annex 15.40 R The notifying *AIFM* must give details of the expected *net asset value* of the *AIF* or *sub-fund* in GBP in each of the first 3 years after (as applicable):

(1) the launch of the *AIF* or *sub-fund*; or

(2) (where the *AIF* or *sub-fund* was previously managed by another *AIFM*) the *AIFM* starting to manage the *AIF* or *sub-fund*,

and how these figures have been determined.

15 Annex 15.41 R The notifying *AIFM* must state whether the target investor groups for the *AIF* or *sub-fund* are:

(1) *professional investors* who would be *per se professional clients*;

(2) *professional investors* who would be *elective professional clients*;

(3) *retail investors*; or

(4) a combination of any of (1), (2) and (3) and, if so, which.

15 Annex 15.42 R The notifying *AIFM* must give details of how the *AIF* or *sub-fund* will be distributed and the distribution channels used.

15 Annex 15.43 R The notifying *AIFM* must state the name and national identifier (eg, FRN) of the primary entity carrying out *marketing* for the *AIF* or *sub-fund*.

15 Annex 15.44 R The notifying *AIFM* must give details of the arrangements in place to prevent *units* being *marketed* to *retail investors*.

15 Annex 15.45 R (1) The notifying *AIFM* must state the minimum investment level for the *AIF* or *sub-fund*.

(2) The notifying *AIFM* must state whether the *AIFM* has any discretion to waive the minimum investment level and, if so, when such discretion may be exercised.

15 Annex 15.46 R The notifying AIFM must specify the countries where the *AIFM* intends to *market* the *AIF* or *sub-fund*.

Valuation, redemption and liquidity

15 Annex 15.47 R The notifying *AIFM* must state whether the new *AIF's* or *sub-fund's* assets are valued:

(1) daily;

(2) weekly;

(3) fortnightly;

(4) monthly;

(5) quarterly;

(6) half-yearly;

(7) annually; or

(8) at some other frequency.

15 Annex 15.48 R The notifying *AIFM* must state whether all of the *AIF's* or *sub-fund's* assets are valued on a fair and reasonable basis and at fair value.

15 Annex 15.49 R The notifying *AIFM* must give details of the *AIFM's* approach to valuation of the *AIF's* or *sub-fund's* assets and liabilities.

15 Annex 15.50 R The notifying *AIFM* must state whether the *AIF* or *sub-fund* offers investors the opportunity to redeem capital in normal market conditions.

15 Annex 15.51 R The notifying *AIFM* must state the frequency at which the *AIF* or *sub-fund* offers redemptions.

15 Annex 15.52 R The notifying *AIFM* must give an outline of the liquidity of the *AIF's* or *sub-fund's* assets.

15 Annex 15.53 R In relation to liquidity management tools, the notifying *AIFM* must:

(1) give details of the liquidity management tools and measures the *AIFM* is using for the *AIF* or *sub-fund* (eg, deferred redemption; dilution adjustment/levy etc);

(2) confirm that the *AIFM* considers the liquidity management tools to be the most appropriate ones for this *AIF* or *sub-fund*; and

(3) confirm that the *AIFM* is able to implement these liquidity management tools in practice, taking into account any distribution channels used.

Fees and expenses

15 Annex 15.54 R The notifying *AIFM* must give an outline of any entry and exit fees charged by the *AIF* or *sub-fund*.

15 Annex 15.55	R	The notifying *AIFM* must state the annual management charge of the *AIF* or *sub-fund* (including any fee payable in respect of the *AIFM investment management function* of portfolio management).
15 Annex 15.56	R	The notifying *AIFM* must state whether the *AIFM* makes any promotional payments to distributors for distributing the *AIF* or *sub-fund* and, if so, the typical amount of this fee.
15 Annex 15.57	R	The notifying *AIFM* must state whether the *AIFM* charges a performance fee and, if so, the maximum percentage charge that can be taken.

15 Annex 16 R Material and other changes to be notified by an AIFM

Application

15 Annex 16.1 G (1) This annex belongs to *SUP* 15.3.26R, *SUP* 15.3.27AR and *SUP* 15.3.31G.

(2) In accordance with those provisions, the annex applies to *authorised UK AIFMs* and *SEF or RVECA managers*.

(3) This annex sets out the changes which must be notified to the *FCA* and the relevant information to be included in a notification relating to such changes.

15 Annex 16.2 R (1) An *authorised UK AIFM* must notify the *FCA* of any changes specified in *SUP* 15 Annex 16.6R to *SUP* 15 Annex 16.39R.

(2) The notification must contain or be accompanied by the information in *SUP* 15 16.40R to *SUP* 15 Annex 79R which is specified for the change being notified.

15 Annex 16.3 G (1) This annex applies to a *SEF manager* and an *RVECA manager* as if the *rules* were technical standards made under:

(a) article 14 of the *RVECA Regulation*; and

(b) article 15 of the *SEF Regulation*.

(2) In accordance with (1), a *SEF manager* and an *RVECA manager* is required to:

(a) notify the *FCA* of any changes specified in *SUP* 15 Annex 16.6R to *SUP* 15 Annex 16.39R; and

(b) ensure that the notification contains or is accompanied by the information in *SUP* 15 16.40R to *SUP* 15 Annex 79R specified for the change being notified.

Definitions

15 Annex 16.4 R In this annex, the definitions in the table below have the meanings given.

CTA	commodity trading advisor
delegate investment manager	the *person* to whom investment management has been delegated
delegate risk manager	the *person* to whom risk management has been delegated
FRN	firm reference number
investment management	the *AIFM investment management function* of portfolio management
PRN	an *AIF's* or *sub-fund's* product reference number
risk management	the *AIFM investment management function* of risk management

Changes and information which must be notified to the FCA

15 Annex 16.5 R (1) An *AIFM* to which this annex applies must notify the *FCA* of the change or changes specified in *SUP* 15 Annex 16.6R to *SUP* 15 Annex 16.39R.

(2) The notifying *AIFM* in (1) must provide to the *FCA* the information relevant to the change which is specified in *SUP* 15 Annex 16.40R to *SUP* 15 Annex 79R.

Changes to be notified: information about the AIFM

15 Annex 16.6 R The *AIFM* must notify the *FCA* if it ceases to manage an *AIF* or *sub-fund*.

15 Annex 16.7 R (1) In relation to the *AIFM classification* of an *authorised UK AIFM*, the *AIFM* must notify:

(a) the initial determination of the *AIFM classification*; and

(b) any subsequent change to the *AIFM classification*, whether the *AIFM* elected the new *AIFM classification* or it was required by the *rules* in *ALTS* 2.3 (AIFM classification).

(2) A *SEF or RVECA manager* must notify the *FCA* if it exceeds the threshold in regulation 7 of the *AIFM Regulations* (Threshold condition for authorisation exemption).

15 Annex 16.8 R An *AIFM* must notify the *FCA* of a change to its:

(1) name;

(2) address; or

(3) *LEI*.

15 Annex 16.9 R An *AIFM* must notify the *FCA* of a change to its risk management policy.

Changes to be notified: information about the AIF or sub-fund

15 Annex 16.10 R An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's instrument constituting the fund*.

15 Annex 16.11 R An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's* name.

15 Annex 16.12 R An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's* jurisdiction (where it is *established*).

15 Annex 16.13 R An *AIFM* must notify the *FCA* of a change to the *AIF's* base currency.

15 Annex 16.14 R An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's* previously notified *LEI*.

15 Annex 16.15 R An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's* legal structure.

15 Annex 16.16	R	An *AIFM* must notify the *FCA* if a fixed term or duration for the *AIF* or *sub-fund* is introduced or removed.
15 Annex 16.17	R	An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's* capital structure – that is, a change to whether the *AIF* or *sub-fund* is: (1) a *closed-ended AIF*; or (2) an *open-ended AIF*.
15 Annex 16.18	R	An *AIFM* must notify the *FCA* of a change to the management style of the *AIF* or *sub-fund* – that is, whether it is actively or passively managed.
15 Annex 16.19	R	An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's* investment objective.
15 Annex 16.20	R	An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's* investment policy.
15 Annex 16.21	R	An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's* predominant investment strategy.
15 Annex 16.22	R	An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's* target volatility.
15 Annex 16.23	R	In relation to *leverage*, an *AIFM* must notify the *FCA*: (1) where the *AIF* or *sub-fund* is to commence or cease employing *leverage* for investment purposes; and (2) of any increase to the maximum level of *leverage* employed by the *AIF* or *sub-fund*.
15 Annex 16.24	R	An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's* target investor group.
15 Annex 16.25	R	An *AIFM* must notify the *FCA* if the *AIF* is to become, or cease to become: (1) a *master AIF*;

(2) a *feeder AIF*; or

(3) a *feeder AIF* with a different *master AIF*.

15 Annex 16.26 R An *AIFM* must notify the *FCA* of a change to the valuation frequency of the *AIF's* or *sub-fund's* assets.

15 Annex 16.27 R An *AIFM* must notify the *FCA* of a change to the *AIF's* or *sub-fund's* redemption policy or frequency.

15 Annex 16.28 R An *AIFM* must notify the *FCA* of any material changes to the fees charged to:

(1) the *AIF* or *sub-fund*; or

(2) the investors in the *AIF* or *sub-fund*.

15 Annex 16.29 R An *AIFM* must notify the *FCA* of a change to the *AIF's* category as:

(1) a *SEF*;

(2) an *RVECA*;

(3) an *EIS*;

(4) a seed enterprise investment scheme;

(5) a private credit *AIF*;

(6) a private equity *AIF*;

(7) a loan origination *fund*;

(8) a commodity *fund*;

(9) a real estate *fund*;

(10) an infrastructure *fund*;

(11) a *fund* of *funds*;

(12) a reserved investor *fund*;

(13) a continuation *fund*;

(14) an *MMF*; or

(15) an *investment trust*.

Changes to be notified: information about a depositary

15 Annex 16.30 R An *AIFM* must notify the *FCA* of the appointment of a new *depositary*.

15 Annex 16.31 R An *AIFM* must notify the *FCA* of the removal of a *depositary*.

15 Annex 16.32 R An *AIFM* must notify the *FCA* of a change to the functions performed by a *depositary*.

15 Annex 16.33 R An *AIFM* must notify the *FCA* of a change to a *depositary's*:

(1) name;

(2) address; or

(3) *LEI*.

Changes to be notified: information about a third-party valuer

15 Annex 16.34 R An *AIFM* must notify the *FCA* of the appointment or removal of a third-party valuer for an *AIF* or *sub-fund*.

Changes to be notified: delegation of AIFM investment management functions

15 Annex 16.35 R An *AIFM* must notify the *FCA* of the appointment of a *person* to whom *AIFM investment management functions* are delegated.

15 Annex 16.36 R An *AIFM* must notify the *FCA* about the removal of a *person* to whom *AIFM investment management functions* were delegated.

15 Annex 16.37 R An *AIFM* must notify the *FCA* about a change to the functions performed by a *person* to whom *AIFM investment management functions* have been delegated.

15 Annex 16.38 R In relation to a *person* to whom *AIFM investment management functions* have been delegated, an *AIFM* must notify the *FCA* of a change in their:

(1) name;

(2) address; or

(3) *LEI*.

Changes to be notified: other material changes

15 Annex 16.39 R An *AIFM* must notify the *FCA* of any other changes which are likely to have a material effect on the *AIF* or *sub-fund* or its investors.

Information to be notified: changes to the instrument constituting the fund

15 Annex 16.40 R If the change being notified is to the *instrument constituting the fund*, an *AIFM* must:

(1) state whether the investors have already approved the changes through a vote;

(2) if relevant, state when the change is being voted on by investors; and

(3) provide the following documentation:

(a) the amended *instrument constituting the fund*;

(b) any relevant communications with investors; and

(c) any other relevant documentation.

Information to be notified: changes to the name of the AIF or sub-fund

15 Annex 16.41 R If the change being notified is to the name of the *AIF* or *sub-fund*, the *AIFM* must provide:

(1) the new name;

(2) the reasons for the choice of the new name;

(3) an explanation of why the name is considered appropriate for the *AIF* or *sub-fund*; and

(4) any relevant documentation.

Information to be notified: changes to where the AIF or sub-fund is established

15 Annex 16.42 R If there is a change to the country or jurisdiction where the *AIF* or *sub-fund* is *established*, the *AIFM* must:

(1) state the new country or jurisdiction where the *AIF* or *sub-fund* is *established*;

(2) provide an explanation of why the new country or jurisdiction is considered to be appropriate for investors; and

(3) provide any relevant documentation.

Information to be notified: changes to the base currency of the AIF or sub-fund

15 Annex 16.43 R If there is a change to the base currency of the *AIF* or *sub-fund*, the *AIFM* must:

(1) state the new base currency of the *AIF* or *sub-fund*;

(2) explain how the change benefits investors; and

(3) provide any relevant documentation.

Information to be notified: changes to the LEI of the AIF or sub-fund

15 Annex 16.44 R If there is a change to the *LEI* of the *AIF* or *sub-fund*, the *AIFM* must:

(1) state the new *LEI*;

(2) explain why the *LEI* has changed; and

(3) provide any relevant documentation.

Information to be notified: changes to the legal structure of the AIF or sub-fund

15 Annex 16.45 R If there is a change to the legal structure of the *AIF* or *sub-fund*, the *AIFM* must:

(1) state whether the *AIF's* or *sub-fund's* new legal structure is as:

(a) a private *company* limited by *shares*;

(b) a public limited *company*;

(c) another type of *body corporate*;

(d) a *limited partnership*;

(e) a *limited liability partnership*;

(f) another type of *partnership*;

(g) a trust-based *fund*, including a *unit trust scheme*;

(h) a contractual based *fund*, including a contractual *scheme*;

(i) a segregated portfolio *company*; or

(j) another type of legal structure;

(2) explain how the change benefits investors; and

(3) provide any relevant documentation.

Information to be notified: introduction or removal of a fixed term or duration

15 Annex 16.46 R If a fixed term or duration is being introduced for the *AIF* or *sub-fund*, the *AIFM* must:

(1) state when the fixed term or duration will end;

(2) state the reasons for introducing the fixed term or duration;

(3) explain how the change benefits investors; and

(4) provide any relevant documentation.

15 Annex 16.47 R If the *AIF's* or *sub-fund's* fixed term or duration is being removed, the *AIFM* must:

(1) state the reasons for removing the fixed term or duration;

(2) explain how the change benefits investors; and

(3) provide any relevant documentation.

Information to be notified: changes to the capital structure of an AIF or sub-fund

15 Annex 16.48 R If there is a change to the capital structure of the *AIF* or *sub-fund*, the *AIFM* must:

(1) state whether the new capital structure will result in the *AIF* or *sub-fund* being an *open-ended AIF* or a *closed-ended AIF*;

(2) explain how the change benefits investors; and

(3) provide any relevant documentation.

Information to be notified: changes to the management style of an AIF or sub-fund

15 Annex 16.49 R If there is a change to the management style of the *AIF* or *sub-fund*, the *AIFM* must:

(1) state whether the *AIF* or *sub-fund* will be actively or passively managed;

(2) provide an explanation of why the management style is being changed;

(3) explain how the change benefits investors; and

(4) provide any relevant documentation.

Information to be notified: changes to AIF or sub-fund category

15 Annex 16.50 R If there is a change to the category of the *AIF* or *sub-fund*, the *AIFM* must:

(1) state whether the *AIF's* or *sub-fund's* new category is:

(a) a *SEF*;

(b) an *RVECA*;

(c) an *EIS*;

(d) a seed enterprise investment scheme;

(e) a private credit *fund*;

(f) a private equity *fund*;

(g) a loan origination *fund*;

(h) a commodity *fund*;

(i) a real estate *fund*;

(j) an infrastructure *fund*;

(k) a *fund* of *funds*;

(l) a reserved investor *fund*;

(m) a continuation *fund*;

(n) an *MMF*;

(o) an *investment trust*;

(p) equity *fund*;

(q) fixed income *fund*;

(r) multi-asset *fund*; or

(s) *hedge fund*;

(2) explain why the category has changed; and

(3) provide any relevant documentation.

Information to be notified: changes to an investment objective

15 Annex 16.51 R If there is a change to an *AIF's* or *sub-fund's* investment objective, the *AIFM* must provide:

(1) details of the new investment objective;

(2) an explanation of how the change benefits investors; and

(3) any relevant documentation.

Information to be notified: changes to an investment policy

15 Annex 16.52 R If there is a change to an *AIF's* or *sub-fund's* investment policy, the *AIFM* must:

(1) provide details of the new investment policy;

(2) state whether the main area of focus will be:

(a) the *UK*;

(b) Africa;

(c) Antarctica;

(d) Asia;

(e) Australia;

(f) Europe;

(g) North America; or

(h) South America;

(3) state whether the *AIFM* will take an active or passive approach to investing;

(4) provide details of any change to the *AIF's* or *sub-fund's* target volatility;

(5) explain how the change benefits investors; and

(6) provide any relevant documentation.

Information to be notified: changes to the predominant investment strategy

15 Annex 16.53 R If there is a change to an *AIF's* or *sub-fund's* predominant investment strategy, the *AIFM* must:

(1) selecting the appropriate category or categories from the following, state whether the new predominant investment strategy is as:

(a) cash management;

(b) passive or index tracking;

(c) multi-strategy;

(d) equity long bias;

(e) equity long/short;

(f) equity market neutral;

(g) equity short bias;

(h) equity activist;

(i) equity event driven/special situations;

(j) direct lending;

(k) asset-based lending/asset-based finance;

(l) mezzanine capital/mezzanine debt;

(m) credit long/short;

(n) distressed/restructuring;

(o) other credit/opportunistic credit;

(p) convertible arbitrage;

(q) fixed income relative value/arbitrage;

(r) volatility relative value/arbitrage;

(s) other relative value/arbitrage;

(t) global macro;

(u) managed futures/CTA;

(v) quantitative systematic;

(w) merger/risk arbitrage;

(x) buyout/leveraged buyout;

(y) growth capital;

(z) venture capital; or

(za) other strategy;

(2) explain why the predominant investment strategy has changed;

(3) provide details of the *AIFM's* skills and experience to run the new investment strategy;

(4) explain how the change benefits investors; and

(5) provide any relevant documentation.

Information to be notified: use of leverage for investment purposes

15 Annex 16.54 R In relation to *leverage* used by the *AIF* or *sub-fund*, an *AIFM* must:

(1) state whether the *AIF* intends to use *leverage* for investment purposes;

(2) state whether the *AIF* intends to use financial *leverage* (borrowing) and, if so, the typical maximum gross notional amount of financial *leverage* which the *AIF* is expected to employ in percentage terms;

(3) state whether the *AIF* intends to employ synthetic leverage (via *derivatives* or similar instruments) and, if so, the typical maximum gross notional amount of synthetic *leverage* which the *AIF* is expected to employ in percentage terms; and

(4) provide any relevant documentation.

15 Annex 16.55 R If the AIF or *sub-fund* is no longer to use *leverage* for investment purposes, the *AIFM* must:

(1) confirm that this the case;

(2) explain how the change benefits investors; and

(3) provide any relevant documentation.

Information to be notified: change of target investor group

15 Annex 16.56 R If there is a change in the target investor group for the *AIF* or *sub-fund*, the *AIFM* must:

(1) state whether the new target investors are or would be:

(a) *professional investors* who would be *per se professional clients*;

(b) *professional investors* who would be *elective professional clients*;

(c) *retail investors*; or

(d) a combination of any of (a), (b) and (c) and, if so, which ones; and

(2) provide any relevant documentation.

Information to be notified: AIF or sub-fund becoming a master AIF

15 Annex 16.57 R If the *AIF* or *sub-fund* becomes a *master AIF*, the *AIFM* must:

(1) explain why it has become a *master AIF*;

(2) state the names of the relevant *feeder AIFs* for the *AIF*;

(3) state the *LEI*s of those *feeder AIFs*;

(4) state the country or jurisdiction where the *feeder AIFs* are *established*; and

(5) provide any relevant documentation.

Information to be notified: AIF or sub-fund ceasing to be a master AIF

15 Annex 16.58 R If the *AIF* or *sub-fund* has ceased to be a *master AIF*, the *AIFM* must:

(1) explain why it has ceased to be a *master AIF*;

(2) provide the names of the relevant *feeder AIFs* that were feeding into the *AIF*;

(3) state whether the *AIFM* is proposing to be a *master AIF* again in the future;

(4) state whether the *AIFM* will stop reporting to the *FCA* under *SUP* 16 (Reporting requirements); and

(5) provide any relevant documentation.

Information to be notified: AIF or sub-fund ceasing to be a feeder AIF or changes to a feeder AIF

15 Annex 16.59 R (1) If the *AIF* or *sub-fund* has ceased to be a *feeder AIF*, the *AIFM* must:

(a) state the name of the previous *master AIF*;

(b) explain why it has ceased to be a *feeder AIF*;

(c) if the *AIF* remains a *feeder AIF*, state whether the *AIFM* is proposing to feed into a different *master AIF* and, if so:

(i) the name of the *master AIF*; and

(ii) its *LEI*;

(d) state the *AIF's* or *sub-fund's* new investment objective;

(e) state the *AIF's* or *sub-fund's* new investment policy; and

(f) provide any relevant documentation.

(2) If applicable, the *AIFM* must state whether the previous *master AIF* intends to stop reporting to the *FCA* under *SUP* 16 (Reporting requirements).

Information to be notified: change in valuation frequency

15 Annex 16.60 R If the valuation frequency of the *AIF* or *sub-fund* is changing, the *AIFM* must:

(1) state the new valuation frequency;

(2) state how frequently the *AIF* or *sub-fund* will be valued;

(3) explain how the change benefits investors; and

(4) provide any relevant documentation.

Information to be notified: change in redemption policy or frequency

15 Annex 16.61 R If the redemption policy or frequency of the *AIF* or *sub-fund* is changing, the *AIFM* must:

(1) state whether redemptions will be allowed:

(a) daily;

(b) weekly;

(c) fortnightly;

(d) monthly;

(e) quarterly;

(f) half-yearly;

(g) annually; or

(h) at some other frequency;

(2) explain how the change benefits investors; and

(3) provide any relevant documentation.

Information to be notified: material changes to fees charged

15 Annex 16.62 R If there is a material change to the fees charged, the *AIFM* must:

(1) state whether the fee which is changing is:

(a) an entry charge;

(b) an exit charge;

(c) an annual management charge (including the investment management fee);

(d) a promotional payment; or

(e) a performance fee;

(2) state the old fee;

(3) state the new fee;

(4) state who is receiving the fee;

(5) explain why the fee is materially changing;

(6) if the fee is materially increasing, explain how the increase is justified;

(7) explain how the change benefits investors; and

(8) provide any relevant documentation.

Information to be notified: changes to the risk management policy

15 Annex 16.63 R If the *AIFM's* risk management policy is changing, the *AIFM* must:

(1) give details of any material changes to the risk management policy and the arrangements, processes and techniques employed for risk measurement and management;

(2) confirm that the risk management policy and the arrangements, processes and techniques employed for risk measurement and management comply with the relevant regulatory requirements; and

(3) provide any relevant documentation.

Information to be notified: changes relating to a depositary

15 Annex 16.64 R If the standing data of the *depositary* is being changed, the *AIFM* must provide:

(1) if the name is changing, the new name of the *depositary*;

(2) if the *depositary's* address is changing, the new address of the *depositary*;

(3) if the *depositary's LEI* is changing, the new *LEI* of the *depositary*; and

(4) any relevant documentation.

15 Annex 16.65 R If a new *depositary* is being appointed, the *AIFM* must:

(1) provide the name of the new *depositary*;

(2) provide the *LEI* of the *depositary*;

(3) state the supervisory authority of the *depositary*;

(4) state the functions to be performed by the *depositary*;

(5) provide a summary of the due diligence performed by the *AIFM* on the *depositary*;

(6) confirm that the contractual arrangements are in place with the *depositary*; and

(7) provide any relevant documentation.

15 Annex 16.66 R If a *depositary* is being removed, the *AIFM* must:

(1) state the name of the *depositary*;

(2) state the *LEI* of the *depositary*;

(3) give the reasons for the removal of the *depositary*;

(4) state the functions performed by the *depositary*; and

(5) provide any relevant documentation.

15 Annex 16.67 R If a *depositary's* functions are changing, the *AIFM* must:

(1) state the name of the affected *depositary*;

(2) state the *LEI* of the affected *depositary*;

(3) give the reasons for the change in the affected *depositary's* functions;

(4) state the functions that were performed by the *depositary*;

(5) state the new functions that will be performed by the *depositary*; and

(6) provide any relevant documentation.

Information to be notified: changes relating to a third-party valuer

15 Annex 16.68 R If a new third-party valuer is being appointed, the *AIFM* must:

(1) state the name of the new third-party valuer;

(2) if it has one, state the *LEI* of the third-party valuer;

(3) if it has one, state the FRN of the third-party valuer;

(4) provide the address of the third-party valuer;

(5) state the country in which the third-party valuer is established; and

(6) provide any relevant documentation.

15 Annex 16.69 R If a third-party valuer is being removed, the *AIFM* must:

(1) state the name of the third-party valuer being removed;

(2) if it has one, provide the *LEI* of the third-party valuer;

(3) if it has one, provide the FRN of the third-party valuer;

(4) give the reasons for the removal of the third-party valuer;

(5) explain how the change benefits investors; and

(6) provide any relevant documentation.

Information to be notified: changes relating to a delegate investment manager

15 Annex 16.70 R If the standing data of the delegate investment manager is changing, the *AIFM* must provide:

(1) if the name is changing, the new name of the delegate;

(2) if the delegate investment manager's address is changing, the new address;

(3) if the delegate investment manager's *LEI* is changing, the new *LEI*; and

(4) any relevant documentation.

15 Annex 16.71 R If a new delegate investment manager is being appointed, the *AIFM* must:

(1) provide the legal name of the new delegate investment manager;

(2) provide the *LEI* of the new delegate investment manager;

(3) state the proportion of the *AIF's* or *sub-fund's* portfolio that the delegate investment manager will be responsible for managing;

(4) give a summary of the objective reasons for delegating investment management;

(5) confirm that all contractual arrangements are in place with the new delegate investment manager;

(6) confirm that:

(a) the delegate investment manager is authorised or registered for the purpose of asset management and subject to supervision; or

(b) the delegate investment manager does not need to be so authorised or registered to perform the delegated function in the jurisdiction where it is being carried on; and

(7) provide any relevant documentation.

15 Annex 16.72 R If a delegate investment manager is being removed, the *AIFM* must:

(1) provide the legal name of the delegate investment manager;

(2) provide the *LEI* of the delegate investment manager;

(3) give the reasons for the removal of the delegate investment manager;

(4) explain how the change benefits investors; and

(5) provide any relevant documentation.

Information to be notified: changes relating to a delegate risk manager

15 Annex 16.73 R If the standing data of the delegate risk manager is changing, the *AIFM* must provide:

(1) if the delegate risk manager's name is changing, the new name of the delegate risk manager;

(2) if the delegate risk manager's address is changing, the new address of the delegate risk manager;

(3) if the delegate risk manager's *LEI* is changing, the new *LEI* of the delegate risk manager; and

(4) any relevant documentation.

15 Annex 16.74 R If a new delegate risk manager is being appointed, the *AIFM* must:

(1) provide the legal name of the new delegate risk manager;

(2) provide the *LEI* of the new delegate risk manager;

(3) give a summary of the objective reasons for delegating risk management;

(4) confirm that all contractual arrangements are in place with the new delegate risk manager; and

(5) provide any relevant documentation.

15 Annex 16.75 R If a delegate risk manager is being removed, the *AIFM* must:

(1) provide the legal name of the delegate risk manager;

(2) provide the *LEI* of the delegate risk manager;

(3) give the reasons for the removal of the delegate risk manager;

(4) explain how the change benefits investors; and

(5) provide any relevant documentation.

Information to be notified: ceasing to manage an AIF or sub-fund

15 Annex 16.76 R If an *AIFM* is ceasing to manage an *AIF* or *sub-fund*, the *AIFM* must:

(1) give the date on which the *AIFM* will cease to manage the *AIF* or *sub-fund*;

(2) give the reasons why the *AIFM* will no longer be managing the *AIF* or *sub-fund*;

(3) if relevant:

(a) provide the name of the new *AIFM*;

(b) provide the FRN of the new *AIFM*; and

(c) state whether the new *AIFM* has confirmed to the *AIFM* that it has submitted a notification to the *FCA* under *SUP* 15 Annex 15 (UK AIFMs: new fund under management notification);

(4) state whether the investors are aware that the *AIFM* is ceasing to manage the *AIF*;

(5) state either:

(a) whether all money has been paid out to investors; or

(b) when it will be paid out to investors;

(6) state whether a liquidator has been appointed;

(7) state whether the final regulatory report for the *AIF* has been completed and, if not, when the *AIFM* anticipates being able to finalise it; and

(8) provide any relevant documentation.

Information to be notified: changes relating to the assets under management threshold

15 Annex 16.77 R If the change relates to the assets under management (AuM) threshold, the *AIFM* must:

(1) state whether:

(a) the change is a temporary breach for the *AIFM*;

(b) the *AIFM's* AuM has returned to within the AuM threshold within 3 months of the breach; or

(c) the *AIFM* has permanently breached the AuM threshold;

(2) provide the total AuM;

(3) state the date on which the total AuM was calculated;

(4) provide the AuM threshold relevant to the notification;

(5) give details of the circumstances in which the breach occurred;

(6) where the *AIFM* has breached the AuM threshold on a temporary basis:

(a) state the date on which the AuM was first identified as being temporarily above the threshold;

(b) state why the *AIFM* considers this breach to be temporary; and

(c) confirm that the *AIFM* understands it is required to submit a revised total AuM valuation 3 months after the date on which the breach of the AuM threshold was first identified and either:

(i) verify the situation has been resolved; or

(ii) submit a revised notification advising of a permanent status if this is identified earlier;

(7) where a temporary breach of AuM threshold has been resolved:

(a) provide a description of how it was resolved;

(b) state the date on which it was resolved; and

(c) confirm:

(i) that the *AIFM's* stated AuM is a true and accurate value of the AuM on the valuation date, being 3 months after the temporary status was first identified; and

(ii) that the previously reported situation has now been resolved;

(8) where the breach of AuM threshold is permanent:

(a) state the date on which it was first identified to be permanently above the threshold;

(b) confirm that the *AIFM's* stated AuM is a true and accurate value of the AuM on the valuation date;

(c) confirm that the *AIFM* is notifying the *FCA* of its AuM being permanently above the AuM threshold;

(d) confirm that the *AIFM* will need to apply for a variation of *permission* in order to continue conducting this business and that the *AIFM* cannot manage any new *AIFs* until the variation of *permission* application has been approved; and

(e) confirm that the variation of *permission* application must be submitted to the *FCA* no later than 30 *days* after the date when the permanent status was first identified.

Information to be notified: changes relating to AIFM classification

15 Annex 16.78 R In relation to the *AIFM classification* of an *AIFM*, the *AIFM* must state:

(1) where the *AIFM* determines its *AIFM classification* without making an election under *ALTS* 2.3.18R, the *AIFM classification* of the *AIFM*;

(2) where the *AIFM* makes an election under *ALTS* 2.3.18R, the *AIFM classification* which the *AIFM* has elected; and

(3) where the *AIFM* is required to change its *AIFM classification* under *ALTS* 2.3.19R, the new *AIFM classification*.

Information to be notified: any other material changes

15 Annex 16.79 R If the change is a material change not covered in *SUP* 15 Annex 16.40R to *SUP* 15 Annex 16.78R, the *AIFM* must:

(1) provide a description of the change being made;

(2) give the reason for the change;

(3) explain how the change benefits investors; and

(4) provide any relevant documentation.

Annex C

Amendments to the Collective Investment Schemes sourcebook (COLL)

In this Annex, underlining indicates new text and striking through indicates deleted text.

2 Authorised fund applications

2.1 Authorised fund applications

…

Specific requirements on application

2.1.4 D An application for an *authorisation order* in respect of an *authorised fund* must be:

(1) in writing in the manner directed and contain the information required in the application form available ~~from~~ on the ~~*FCA*~~ *FCA* website; and

(2) ~~addressed for the attention of a member of *FCA* staff responsible for *collective investment scheme* authorisation matters; and~~ (subject to *COLL* 2.1.4AD) submitted using the appropriate online system available through the *FCA* website.

(3) ~~delivered to the *FCA's* address by one of the following methods:~~ [deleted]

~~(a) posting; or~~

~~(b) leaving it at the *FCA's* address and obtaining a time-stamped receipt; or~~

~~(c) delivery by hand to a member of *FCA* staff responsible for *collective investment scheme* authorisation matters.~~

2.1.4A D If the information technology systems used by the *FCA* fail and online submission is unavailable for 24 hours or more then, until such time as the facilities for online submission are restored, *SUP* 15.7.4R to *SUP* 15.7.9G (Method of notification) apply as if those provisions applied to an application for an *authorisation order*.

…

Annex D

Amendments to the Investment Funds sourcebook (FUND)

In this Annex, underlining indicates new text and striking through indicates deleted text.

3	**Requirements for alternative investment fund managers**	

…

3 Annex 2	**Notice of AIFM delegation**		
3 Annex 2	R	This annex consists of one or more forms. ~~Forms can be completed online now by visiting /form~~ This form must be completed online using the appropriate online system available through the *FCA* website. The forms are also to be found through the following address: [*Editor's note*: insert link]	

…

Filling in the form [*Editor's note*: This text is not new but is underlined.]

1 If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question and
- ~~print out the form~~ ensure you have completed and ~~sign~~ signed the declaration. An electronic signature is sufficient.

~~**2** If you are filling in the form by hand:~~

- ~~use black ink~~
- ~~write clearly and~~
- ~~sign the declaration.~~

~~**3**~~ **2** If you think a question is not relevant to you, write or select 'not applicable' and explain why.

4 ~~If there is not enough space on the forms, you may need to use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number.~~

Submitting the form [*Editor's note*: This text is new and is underlined.]

~~**5**~~ **3** Submit the form ~~by email to AIFMDMaterialChange@fca.org.uk~~ using the appropriate online system available through the FCA website. If the information technology systems used by the FCA fail and online submission is unavailable for 24 hours or more, until such time as the facilities for online submission are restored, SUP 15.7.4R to SUP 15.7.9G (Method of notification) apply as if those provisions applied to the submission of this notice.

~~Alternatively you may post the application to the FCA at:~~

~~**Fund Authorisation Team**~~
~~**Asset Management Department**~~
~~**The Financial Conduct Authority**~~
~~**12 Endeavour Square**~~
~~**LONDON**~~
~~**E20 1JN**~~

…

Annex E

Amendments to the Product Disclosure sourcebook (DISC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

3 Preparing the product summary

…

3.5 Product summary and core information disclosures – additional requirements

~~Filing of product summary – UCITS and non-UCITS funds~~

3.5.1	R	~~(1)~~	~~An *authorised fund manager* must file the *product summary* for each *UCITS scheme* and *non-UCITS retail scheme* which it manages, and any material amendments to it, with the *FCA*.~~ [deleted]
		~~(2)~~	~~An *authorised fund manager* of a *feeder UCITS* or *feeder NURS* must, in addition to (1), file the *product summary* of its *master UCITS* or *qualifying master scheme*, and any material amendments thereto, with the *FCA*.~~

…

TP 2 Consumer composite investments: transitional provisions

…

~~Product summaries filed with the FCA~~

TP 2.10	R	~~(1)~~	~~Where an *authorised fund manager* prepares a disclosure document for a *UCITS scheme* or a *non-UCITS retail scheme* which it manages, it must file that disclosure document, and any amendments thereto, with the *FCA*.~~ [deleted]
		~~(2)~~	~~The *authorised fund manager* of a *feeder UCITS* or *feeder NURS* must, in addition to (1), file the disclosure document of its *master UCITS* or *qualifying master scheme*, and any amendments thereto, with the *FCA*.~~

…

12 Endeavour Square London E20 1JN
Telephone: +44 (0)20 7066 1000
Website: www.fca.org.uk

Pub ref: 1-009083