![Cyprus Securities and Exchange Commission logo — ΕΠΙΤΡΟΠΗ ΚΕΦΑΛΑΙΑΓΟΡΑΣ ΚΥΠΡΟΥ / CYPRUS SECURITIES AND EXCHANGE COMMISSION]

TO	**:**	**Alternative Investment Fund Managers – AIFMs:**
		i. Authorised Alternative Investment Fund Managers[1]
		ii. Registered Alternative Investment Fund Managers[2]
FROM	**:**	**Cyprus Securities and Exchange Commission**
DATE	**:**	**17 December 2018**
CIRCULAR No	**:**	**C287**
SUBJECT	**:**	**Technical clarifications concerning AIFMD reporting and relevant reporting obligations**

The Cyprus Securities and Exchange Commission ('CySEC') today issues further guidance and clarification on reporting obligations under articles 4(3)(d) and 31 of the AIFM Law, focusing on Parts IV to XII of the ESMA Guidelines. This follows a review of the 2017 data reported by AIFMs based on the AIFM and AIF Reporting Templates included in the excel workbook of the ESMA Technical Guidance ('the **AIFMD Report**'). The review identified a number of inconsistencies and discrepancies, which this circular addresses with a view to mitigate their recurrence in the future.

More information for reporting obligations can be found:

- Within CySEC Circular C110 issued on 1 February 2016;

---

[1] The term includes a) Cyprus based AIFMs and self-managed AIFs whose total asset under management ('AuM') exceed the thresholds of Articles 4(2)(a) or 4(2)(b) of the Alternative Investment Fund Managers Law ('AIFM Law') as the case may be, and b) Cyprus based AIFMs and self-managed AIFs whose Total AuM do not exceed the thresholds of Articles 4(2)(a) or 4(2)(b) of the AIFM Law, as the case may be, but have exercised the 'opting-in' possibility of Article 4(6) of the AIFM Law.

[2] Alternatively, Sub Threshold AIFMs, as it is mentioned in Circular C110 – The term includes Cyprus based AIFMs and self-managed AIFs whose Total AuM do not exceed the thresholds of section 4(2)(a) or 4(2)(b) of the AIFM Law, as the case may be, and have not exercised the 'opting-in' possibility of section 4(6) of the AIFM Law. For the avoidance of doubt, Registered AIFMs of the Republic comprise of: a) Cyprus Management Companies; b) Cyprus Investment Firms; c) any company, which has been approved by CySEC pursuant to section 116(3)(ii)(b) of the AIF Law, to manage an AIFLNP under Part VI of the AIF Law; d) Self-managed AIFs under Part II of the AIF Law; and e) Self-managed AIFLNPs under Part VI of the AIF Law.

- The extensive guidance provided by ESMA under Articles 3(3)(d) and 24(1), (2) and (4) of the AIFMD ('ESMA Guidelines');
- Q&A 1 to 82 of Section III of the ESMA Q&As on the Application of the AIFMD ('ESMA Q&As');
- The IT Technical Guidance for AIFMD Reporting ('Technical Guidance').

A. Frequency of reporting – reporting periods

1. As mentioned in point 3 of Circular C110, the frequency of the reporting for AIFMs is determined in accordance with Assets Under Management ('AuM'), calculated in accordance with Article 2 of the Commission Delegated Regulation (EU) 231/2013 (the 'Regulation').

2. Article 110(3) of the Regulation sets the frequency of reporting by Authorised AIFMs to half yearly, quarterly, and in some instances yearly - differentiating such frequency in accordance with: i. the AIFM's overall AuM of all AIFs under management, and ii. the AuM per managed AIF and/or to leverage used at AIF level. Hence, an Authorised AIFM's reporting obligations might fall under two reporting frequencies.

   It is noted that Authorised sub-threshold AIFMs which exercised the 'opting-in' possibility of Article 4(6) of the AIFM Law must report the information annually.

3. Article 5(5) of the Regulation sets the frequency of reporting by Registered AIFMs to annually.

4. The reporting period starts on the first calendar day and ends on the last calendar day of the applicable reporting period.

   There are four reporting periods of the AIFMD Report, the start date of which is the first calendar day of January, April, July or October and the end date, is the last calendar day of March, June, September and December of each year, or the last day the AIFM exists.

5. The information must be provided to CySEC as soon as possible and no later than one month after the end of the applicable reporting period, hence end of January, April, July or October. Where the AIF is structured as a fund of funds, the AIFM may extend such deadline by 15 days.

6. When completing the reporting period and reporting code fields of both the AIFM and AIF files of the AIFMD report, special attention should be given to the consistency of information included in the relevant fields (for further guidance refer to Annex I of the ESMA Guidelines).

B. Procedure for first reporting

7. With regards to the first reporting of a newly-authorised AIFM, the obligation to submit the AIFMD Report starts on the license date of the AIFM (as published in CySEC's website).

    Where there is a delay between the authorisation being granted by CySEC to a new AIFM and the actual start of activity or between the creation of an AIF and the first investments, the AIFM should still provide a report indicating YES/TRUE in field '21'- 'AIFM No reporting flag' of the AIFM Reporting Template.

8. The AIFs' first reporting is linked to its inception date[3] and it corresponds to the first calendar day of the following quarter after the inception date. AIFMs starts reporting of an AIF the first day of the following quarter of its inception date until the end of the first reporting period. For example:

	Inception date	Reporting period	Remittance date to CySEC
AIF A (yearly obligation)	15/02/2018	01/04 – 21/12/2018	31/01/2019
AIF B (yearly obligation)	15/10/2018	01/01 -31/12/2019	31/01/2020

C. Reporting Content and Identification of the AIFM and the AIF

9. AIFMs provide information for each of the AIFs they manage, taking into consideration the 'Reporting Obligations Category' they belong to in accordance with the diagrams of Annex I of ESMA Guidelines. More specifically, Authorized AIFMs (including opt-ins) must carefully examine the diagram of point 1 of the

---

[3] The date the AIF started business i.e. the date the AIF raised capital from an investor/s for the first time. Where the AIFM of an AIF in business changes, the inception date is the date where the new AIFM is informed by CySEC that the change has been occurred.

Annex I regarding the content of their reporting obligation. For Registered AIFMs there is no differentiation in the reporting content according to the diagram included in point 3 of the Annex I, meaning they are all obliged to report as specified in article 5(3) of the Regulation.

10. When completing the relevant fields to the above reporting obligations of the AIFMD Report, consistency must be ensured. More specifically, consistency must be checked throughout the combinations used in fields **'5'** and **'16'** of the AIFM Reporting Template ('5. AIFM Content type' and '16. AIFM reporting code') and fields **'5'** and **'20'** of the AIF Reporting Template ('5. AIF Content type' and '20. AIF reporting code'), in order to ensure successful and accurate submission to CySEC.

    For further guidance in completing the above fields, please refer to the excel sheet 'AIF & AIFM reporting codes' included in the excel workbook of Annex II of the ESMA Guidelines, available in the [ESMA website](#).

11. Where an AIF takes the form of an umbrella, the AIF specific information of the AIFMD Report should be reported at the level of each sub-fund/ compartment.

12. With regards to the AIFM and AIF National Code, field **'18'** of the AIFM Reporting Template and field **'17'** of the AIF Reporting Template must be completed using the following guidance:

    i. AIFMs with license number **AIFMxx**/56/2013 the National Code is **AIFMxx**
    ii. Cypriot AIFs with license number **AIFxx**/2014 the National Code is **AIFxx**
    iii. Cypriot LNPAIFs with license number **LPAIFxx**/2014 the National Code is **LPAIFxx**

    iv. AIFs established in other Member States, the National code used by the NCA of the relevant Member State
    v. AIFs established in third countries, the national identification code used by the NCA of the relevant third country
    vi. Cypriot umbrella AIFs/LNPAIFs, the National Code of the umbrella AIF/LNPAIF followed by an underscore ('_') and the number of the sub-fund/compartment e.g. **AIFxx_1 or LPAIFxx_1**
    vii. CIFs that manage AIFs use the Double digit codification given by CySEC

D. Values of AuM for all AIFs managed

13. Paragraph 51 of ESMA Guidelines with regards to the values of AuM for all AIFs managed states the following:

    i. AIFMs should report the value of assets under management for all AIFs managed using the method set out in Articles 2 and 10 of the Regulation;
    ii. AIFMs should always indicate the value in Euro;
    iii. In order to convert the total value of assets under management for all AIFs managed into Euro, AIFMs should use the conversion rate provided by the European Central Bank (ECB) (for further guidance, refer to the technical guidance in Fields '48' to '53' of the AIF Reporting Template and Q&A 65 of Section III of the ESMA Q&As.) If there is no ECB conversion rate, AIFMs should indicate the conversion rate used;
    iv. Only when all AIFs of the AIFM are denominated in one single base currency that is not the Euro should this value be complemented by the value in the base currency of the AIFs;
    v. This information should be reported as of the last business day of the reporting period.

14. For the purpose of filling in Fields '33' and '38' of the AIFM Reporting Template, the total value of the AuM must be calculated in accordance with Article 2 of the Regulation. Where the AIFM has more than one AIF under management (either directly or indirectly, through a company with which the AIFM is linked by common management or control, or by a substantive direct or indirect holding), such calculation must include the assets of all collective investment undertakings managed by the AIFM, provided that the components of the AIF definition in Article 2 of the AIFM Law are satisfied[4]. Therefore, the calculation of the total AuM must include the assets of any other collective investment undertaking managed by them which fall under the scope of the AIF definition in the AIFM Law - in addition to assets of any AIFs and AIFLNPS under Part II and Part VI of the AIF Law, irrespective of their domicile (Cy and/or EU and/or non EU).

    It is noted that AIFs managed by the AIFM for which the AIFM has delegated functions in accordance with Article 20 of the Law are included in the calculation. This contrasts to AIFs that the AIFM is managing under delegation by the principal AIFM, which are excluded from the calculation.

---

[4] For further guidance as regards with the concepts that comprise the definition of 'AIF' please refer to ESMA Guidelines ESMA/2013/611.

15. When registered AIFMs (as defined in footnote 1 of this Circular), apply the thresholds of article 4(2) of the AIFM Law and identify which AIFMD reporting obligations apply to them, they must note the following (in addition to the provisions of Article 2 of the Regulation and the guidance provided above):

   i. The higher threshold of EUR 500,000,000 can only be reached if the following conditions are **cumulatively** met:

   - **A Lock-Up** period of 5 years following initial investment in the AIF is applicable to each AIF under management or to the self-managed AIF;
   - **No leverage is employed** by any of the AIFs under management or by the self-managed AIF.

   In the event of the above conditions not being met (by at least one of the AIFs under management or the self-managed AIF), the lower threshold of EUR 100,000,000 becomes applicable. CySEC clarifies that the threshold of EUR 100,000,000 is measured against the Total AuM, i.e. against the sum of leveraged and/or unleveraged assets and assets under a lock up and/or no lock up period.

   ii. They shall monitor their compliance with the thresholds applicable to them in accordance with the provisions in Article 3 of the Regulation. Where the threshold applicable to the Registered AIFM is exceeded and the situation is not of temporary nature, authorisation must be sought in accordance with the provisions of article 4(5) of the AIFM Law and Article 4 of the Regulation.

   iii. In accordance with the provision of article 125(7) of the AIF Law, a self-managed AIFLNP and the external manager of an AIFLNP are subject to registration in accordance with section 4(3) of the AIFM Law, hence the present circular is fully applicable to them.

E. Breakdown of investment strategies

16. With regards to the breakdown of investment strategies, AIFMs should keep in mind the following in order to assist them in valid submission:

   i. Predominant AIF types (Field **'57'** of the AIF Reporting Template) are mutually exclusive. Therefore, when completing Field **'58'** of the AIF Reporting Template, the strategies should not be allocated across the different group of strategies except where the predominant AIF type is 'None'. The investment strategies can

only be those in the list of strategies corresponding to the Predominant AIF type (refer to Table 3, Annex II of the ESMA Guidelines);

ii. When completing Field **'58'** of the AIF Reporting Template, where the code for multi- strategy is used to describe the primary strategy (i.e. MULT_HFND'), at least 2 other different investment strategy codes relevant to the primary strategy should be reported;

iii. Concerning completing the Fields **'78' - '93'** of the AIF Reporting Template, relevant to the NAV or AuM of each geographical area, such NAV or AuM must be expressed as percentage (%) of each geographical area. The sum of all the NAV or AuM value percentages, attributed to each geographical area, should add up to **100%**;

17. Paragraphs **63 - 83** of the ESMA Guidelines and Q&As 4, 5, 38 and 73 of Section III of the ESMA Q&As, provide more elaborated guidance and specific examples about the breakdown of the specific strategies;

F. Successful/valid submission of AIFMD report to CySEC

18. The AIFMD Report comprises of two files, the AIFM File (DATAMAN) and the AIF File (DATAAIF), the content of which, correspond to the AIFM and AIF reporting templates respectively, each subject to validation. It is noted that the validation is a two stage process since, following a successful/valid submission of the files to CySEC, CySEC will forward the files to ESMA[5], which also checks the validity of the data included in the files and sends validation feedback to CySEC. CySEC provides such feedback to the AIFM.

19. It is the AIFM's responsibility to follow up and act upon every validation feedback it receives immediately, bearing in mind the deadline for submission (within one month following the relevant reporting period) and ensure that it completes a successful submission throughout the above stages.

20. When the AIFM receives feedback errors, it is the AIFM's responsibility to correct. The AIFM must cooperate with persons that have the expertise to handle such errors and submit to CySEC complete, accurate and valid data using the extensive information and guidance provided in this Circular.

---

[5] It is CySEC's obligation to send to ESMA the data received according to the provisions of article 32(2)(a)of the AIFM Law

21. With regards to the preparation of the AIFMD Report, in addition to the more focused guidance provided in the present Circular and Circular 110, extensive guidance is provided in the ESMA Guidelines, the ESMA Technical Guidance, especially the excel workbook which includes the AIFM and AIF Reporting templates and relevant technical guidance and Section III of the ESMA Q&As. It is pointed out that in many instances the ESMA Q&As make explicit reference to specific fields of the AIFM and AIF Reporting Templates included in the mentioned excel workbook and provide guidance on the completion of such fields.

All AIFMs must take into account the above guidance when preparing their AIFMD Report for 2018 and thereafter. CySEC will apply strict administrative sanctions in the event of non-compliance with reporting requirements.

Yours sincerely

Demetra Kalogerou
Chairman of the Cyprus Securities and Exchange Commission