

Reporting transparency information to the MFSA in terms of Articles 3 and 24 of the AIFMD [updated]



Frequently Asked Questions

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Revisions Log

VERSION	DATE ISSUED	DETAILS
1.00	10 April 2015	
2.00	29 January 2021	Introduction of new sections and FAQs clarifying data reporting expectations and requirements, automated notifications from the MFSA LH Portal, Data Validation and Data Quality.

Preliminary Remarks

This FAQ aims to provide answers to the questions that the Authority has been receiving with regards to the transparency reporting requirements prescribed in Articles 3(3)(d) and 24(1), (2) and (4) of the Alternative Investment Fund Managers Directive ([2011/61/EU](#)) (Henceforth “**AIFMD** reporting”) and the Commission Delegate Regulation (231/2013/EU) (Henceforth “**AIFMR**”). The contents of this FAQ is updated to reflect any further requests for clarification/information as deemed appropriate by the Authority.

The Authority’s position as outlined in this FAQ may be subject to change in the light of any guidance on the AIFMD which may be issued in the future by the European Commission or European Securities and Markets Authority (**Henceforth “ESMA”**).

The answers provided in this document are not intended to replace or substitute legal or professional advice but to promote common supervisory approaches and practices adopted by ESMA in relation to AIFMD Reporting. AIFMs are recommended to read this FAQ together with the AIFMD transparency reporting reference Documents in [Annex I](#).

Licence Holders and practitioners are welcome to submit any question relating to the transparency reporting requirements of the AIFMD. These will be reviewed and included in a future copy of this document. Any queries are to be addressed to aifmdreporting@mfsa.mt.

Section 1: AIFMD Reporting Obligations

Q1) What are the factors that AIFMs should consider when determining their reporting obligations?

A1) The main factors that should be considered are the content of the information and reporting frequency. These depend on the type of AIFM as well as the characteristics and amount of assets under management ("AUM") of the AIFM.

Further Guidance on the content of the information to be reported and the reporting frequency of the AIFM and each AIF are described in [Tables 8-9-10 of Annex 2 of ESMA guidelines on reporting obligation \(2013/1360\)](#) and [Annex I of the Guidelines on reporting obligations under Articles 3\(3\)\(d\) and 24\(1\), \(2\) and \(4\) of the AIFMD.](#)

Q2) When does a reporting obligation start?

A2) In terms of paragraph 12 of the ESMA Guidelines on reporting obligations under Articles 3(3)(d) and 24(1), (2) and (4) of the AIFMD [[ESMA/2014/869EN](#)], the AIFMD reporting obligation starts from the beginning of the quarter after the granting of:

- the AIFM license (domestic AIFMs); or
- the marketing permission (foreign AIFMs including non-EU AIFs relying on the national private placement regime).

The reporting obligation concerning each new fund also starts from the beginning of the quarter after the license/ marketing permission was granted.

The start of the reporting obligation does not depend from the launch of activities. If there are no activities, a so-called 'Nil' report shall be submitted to the MFSA. Refer to Q57 and Q58 or further guidance on the reporting requirements of the AIFM with respect to the submission of 'Nil' report.

Q3) When does a reporting obligation cease?

A3) The AIFMD reporting obligation ceases when the reporting entity ceases to be licensed as an AIFM (domestic AIFMs).

In the case of non-EU AIFMs marketing their AIFs in the EU in terms of Article 42 of the AIFMD, the reporting obligation to the MFSA depends on the withdrawal of the marketing notification relating to the AIF and the existence of investors in the AIF in the Malta. A non-EU AIFM should cease to report to the MFSA on the later of the date of withdrawal of the marketing notification and the date the non-EU AIFM confirms that no Maltese investors are invested in the AIFs.

The reporting obligation concerning each fund ends when the fund is liquidated or put into liquidation (if a liquidator is involved) as well as when a fund is merged.

AIFMs are required to send a so-called 'final' report immediately after the reporting obligation ceases. Refer to Q59 for further guidance on the reporting requirements of the AIFM with respect to the 'Final' report.

Q4) Does a UCITS Manager also licensed as an AIFM fall within the scope of AIFMD reporting obligations?

A4) Yes, a UCITS Manager that is also licensed as an AIFM falls within the scope of the AIFMD reporting obligations. However, the UCITS Manager would be required to report to the MFSA only in relation to the AIFs.

Q5) When a non-EU AIFM is required to report information to the MFSA as prescribed in terms of Article 42 AIFMD (i.e. marketing of AIFs managed by a non-EU AIFM without a passport), which AIFs should be included in the reports?

A5) When a non-EU AIFM reports information to the MFSA in terms of Article 42, the information reported must only include information on the AIFs marketed in Malta. In addition, in accordance with ESMA's opinion of 01 October 2013 relating to the effective monitoring of systemic risk under the first sub-paragraph of Article 24(5), of the AIFMD, AIFMs are also requested to report information on non-EU master AIFs not marketed in the EU that have either EU feeder AIFs or non-EU feeder AIFs marketed in the Union under Article 42. Therefore, Non-EU AIFMs should apply the same principle if the master AIF is established in the EU and not marketed in the EU (i.e. they should report information on the EU master AIF not marketed in the EU).

Q6) In the case where a non-EU AIFM markets its AIFs in several Member States in terms of Article 42 AIFMD, should the non-EU AIFM calculate a reporting frequency for each Member State where it markets its AIFs or should the AIFM calculate a unique reporting frequency for all Member States in which it markets its AIFs?

A6) According to Article 110 AIFMR, AIFMs shall take into account all the EU AIFs they manage and AIFs they market in the Union to calculate the reporting frequency. The AIFM should therefore calculate a unique reporting frequency taking into account all the AIFs it markets in the Union and apply the same reporting frequency to all Member States where it markets its AIFs.

Q7) For the purposes of the reporting obligations prescribed in terms of the AIFMD, will the MFSA require any additional information that is not currently included in the ESMA XML Schema or covered in the ESMA Guidelines? Are AIFMs required to submit to the MFSA Annex V to Appendix 13 to Part BIII of the Investment Services Rules for Investment Service Providers on a quarterly basis?

A7) AIFMs subject to half yearly or quarterly reporting obligations are also required to submit the information stipulated in terms of the ESMA '[Opinion on the Collection of information for the effective monitoring of systemic risk under Article 24\(5\), first sub-paragraph, of the AIFMD](#)' [ESMA/2013/1340].

Other than the above, the MFSA does not intend to request any additional information which is not included in the ESMA Guidelines. However, the MFSA reserves the right to request additional information on an ad-hoc basis.

AIFMs shall, where applicable, submit to the MFSA the Annex V to Appendix 13 to Part BIII of the Investment Services Rules for Investment Service Providers. The

submission of the Annex 5 Return is applicable on a mandatory basis for: (a) full scope AIFMs; and (b) de minimis Category 2 AIFMs.

Full scope AIFMs are required to submit the Annex 5 return on a quarterly basis (i.e. as at 31 March, 30 June, 30 September and 31 December).

De minimis Category 2 AIFMs are required to submit the Annex 5 return on a half-yearly basis (i.e. as at 30 June and 31 December).

Q8) What type of information are AIFMs expected to report?

A8) AIFMs will be required to provide both qualitative and quantitative information. AIFMs will be required to file the following files:

1. An Annex IV AIFMD Return in terms of Articles 3 and 24 of the AIFMD, including:
 - i. An aggregated file at AIFM level reporting information concerning AIFs managed and/or marketed in the EU (**also referred as “the AIFM-Specific reporting file”**); and
 - ii. A file at AIF level for each AIF managed and/or marketed in the EU (also referred as **“the AIF-Specific reporting file”**).
2. (where applicable) An Annex V AIFMD Return, as stipulated in SLC 4.04 of Appendix 13 of the Investment Services Rules for Investment Services Providers, including summary information on the Assets Under Management of the AIFM.

AIFMs are required to submit the information in Annex I – IV templates and (where applicable) the Annex V template (**collectively referred as “Reporting Templates”**) which can be accessed on the MFSA’s website as follows:

Table 1: Reporting Templates

Licence Type	Annex IV AIFMD Return		Annex V Return
	AIFM-Specific reporting file	AIF-Specific reporting file	
Self-Managed Professional Investor Funds	Annex I of Appendix I to Part B of the Investment Services Rules for Professional Investor Funds	Annex II of Appendix I to Part B of the Investment Services Rules for Professional Investor Funds	

Self-Managed Alternative Investor Funds	Annex I of Appendix 8 to Part B of the Investment Services Rules for Alternative Investment Funds	Annexes II , III , IV of Appendix 8 to Part B of the Investment Services Rules for Alternative Investment Funds	Annex V of Appendix 13 to Part B of the Investment Services Rules for Investment Services Providers
Alternative Investment Fund Managers (including de-minimis AIFMs)	Annex I of Appendix 13 to Part B of the Investment Services Rules for Investment Services Providers,	Annexes II , III , IV of Appendix 13 to Part B of the Investment Services Rules for Investment Services Providers	Annex V of Appendix 13 to Part B of the Investment Services Rules for Investment Services Providers

Section 2: Submission of the AIFMD Returns

- Q9) When is the submission of the Annex IV AIFMD return and Annex 5 return due?
- A9) The deadline for the submission of the information is one month after the end of the reporting period. Where the AIFM manages a fund, which is a fund of funds this period may be extended by the AIFM by 15 days. For example, AIFMs reporting information in Quarter 4 of 2020 shall submit the returns to the MFSa by not later than 31 January 2021 or the first following working day.

Table 2: Submission Deadlines

Reporting date	Deadline	Extended deadline (fund of funds)
31 March	30 April	15 May
30 June	31 July	15 August
30 September	31 October	15 November
31 December	31 January	15 February

Q10) Is the deadline extended to the following working day if the submission deadline falls on a Saturday or Sunday? What will happen if an AIFM misses its reporting deadline?

A10) Yes, if the deadline falls on a Saturday or Sunday, the submission deadline will be extended to the following working day i.e. the following Monday. Failure to submit the required regulatory reporting may trigger regulatory action in terms of the Investment Services Act, 1994.

Q11) In what Format should the AIFMD Annex IV Return be submitted to the MFSA?

A11) AIFMs are to submit the AIFMD Annex IV return in XML format (Extensible Markup Language), in accordance with ESMA requirements, and (version 1.2 as issued by ESMA) in a zip-compressed AIFMD file (*.zip).

AIFMs must ensure that the XML file fulfils the requirements for:

- i. the content integrity requirements included in ESMA's technical reporting guidance [[AIFMD reporting IT technical guidance\(2013/1358\)](#)].
- ii. The structure of the content of the XML schema files, which are described in the file AIFMD_DATMAN_V1.2.xsd and that of the AIF report is described in the file AIFMD_DATAIF_V1.2.xsd. Schema files: AIFMD – Reporting – XML documents [[2013/1361](#)]

AIFMs must also ensure that the Zipped file and the XML files enclosed within the zipped file follow The naming conventions of the files, as stipulated in the Section 4 of Appendix C of the [Reporting Guidelines for Investment Fund Managers](#).

Q12) What is the system used by the MFSA to receive the Reporting information prescribed in terms of AIFMD?

A12) The information must be submitted electronically through the MFSA's License Holder Portal. This Portal is a cross-platform web based application and is hosted on a server which a user can access and login through the web link <https://lhportal.mfsa.com.mt/>. Appendix C of the [Reporting Guidelines for Investment Fund Managers](#) provides a step-by-step guide on how an AIFM can electronically submit AIFMD reporting returns to the MFSA.

Q13) How can an AIFM access the [MFSA License Holders' LH Portal?](#)

A13) Access to the MFSA Licence Holders' LH Portal is provided as follows:

- i. Licensed entities with an MFSA approved Compliance Officer:
The Compliance Officer of the AIFM shall complete the registration form in Appendix D of the MFSA's [Reporting Guidelines for Alternative Investment Fund Managers](#) and submit the information via e-mail on aifmdreporting@mfsa.mt.

As part of the registration procedure the MFSA will authenticate the information against our records and provide permission to the Compliance Officer to submit the AIFMD returns of the reporting AIFM. Shortly after the

access rights have been granted, the Compliance Officer will receive an automated email with a link to access the LH Portal account.

ii. Licensed entities without an approved Compliance Officer

The AIFM shall appoint a designated employee and complete the registration form in Appendix D of the [Reporting Guidelines for Alternative Investment Fund Managers](#) and submit the information to the MFSA via e-mail on aifmdreporting@mfsa.mt. The MFSA shall assess the particular circumstances of the AIFM and provide permissions for a temporary period, as deemed appropriate.

When logging in for the first time, the user will be required to use the password assigned and received from the e-mail address: no-reply@lhportal.mfsa.com.mt, following which, the user will be asked to change the password to one of his/her choice.

When creating the username, please use your work / personal email address. Emails forming part of a distribution list or group emails are prohibited. AIFMs should ensure to develop good password practices and avoid granting anyone else the user credentials.

Q14) Can an AIFM have more than one registered user on the [MFSA Licence Holders' LH Portal?](#)

A14) Yes, an AIFM can have up to 3 users to submit the AIFMD Reporting returns. In these cases, the MFSA strongly recommends that the AIFM keeps a record of the users registered on the License Holder Portal and submit any changes to the MFSA on aifmdreporting@mfsa.mt using the Form in Appendix D of the [Reporting Guidelines for Investment Fund Managers](#) followed by the approval of the AIFM's Compliance Officer. The approval can be submitted by email confirmation or the Compliance Officer's signature and Identification/passport number. AIFMs shall also ensure that the authorisation of users who may have left the AIFM are de-registered and that the user list is kept up to date.

Q15) **What happens once the file has been uploaded in the MFSA's LH Portal?**

A15) The Authority will carry out completeness and consistency validation checks upon submission of files through the MFSA License Holders' Web Portal and, when such checks are satisfied, the file will be submitted to ESMA for further validation checks.

After the submission is uploaded to ESMA, the user receives an automated notification of upload and subsequently another automatic feedback message indicating the status of the report (Accepted or Rejected). Processing times may vary and could be delayed depending on congestion in the reception system.

Q16) How does an AIFM confirm that the submission of the Annex IV AIFMD return is complete?

A16) It is the AIFM's responsibility to ensure that the submission is completed and should, frequently, monitor the status dashboard included in the MFSA Licence Holders' Portal. The list of the statuses available can be viewed on Section 5 of Appendix C to the MFSA's [Reporting Guidelines for Alternative Investment Fund Managers](#).

The submission is complete when the status on the License Holder Portal is "Accepted by ESA".

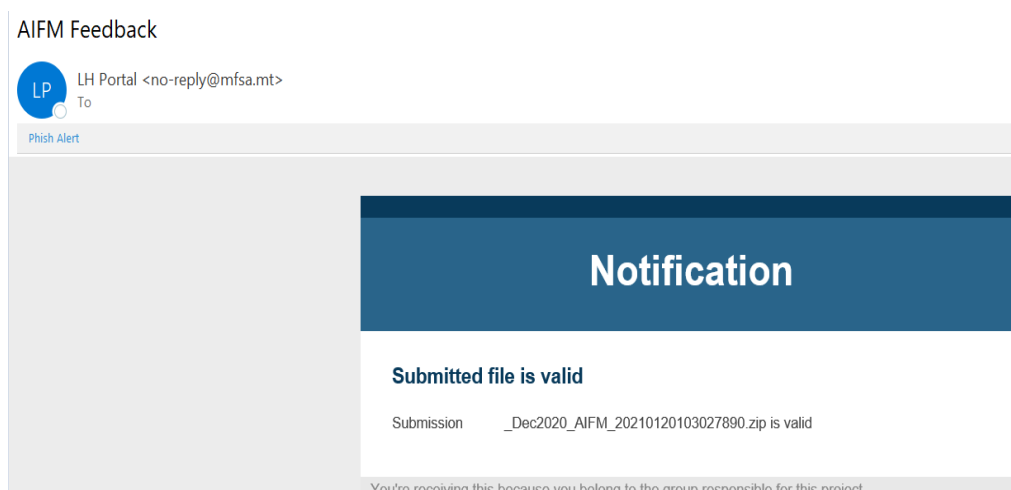


Fig.1: Automated message with feedback when the submission is Accepted/Completed

Q17) **What does it mean when the status of the Annex IV return on the 'User Logs' tab denotes a status which is not 'File accepted by ESA' after the Zip file is uploaded on the MFSA Licence Holders' Web Portal? Does this affect the AIFM's compliance with its reporting requirements?**

A17) For Annex IV AIFMD returns, if a status on the 'User Logs' is not 'File accepted by ESA' it means that the submission is not valid and has not been completed. Late submissions of complete and valid Annex IV AIFMD returns are deemed as a failure to submit the applicable returns, resulting in a non-compliance with:

- SLC 4.1(ii) of Appendix I to Part B of the Investment Services Rules for Professional Investor Funds in the case of Self-Managed PIFs
- Section 3 of Appendix 8 to Part B of the Investment Services Rules for Alternative Investment Funds in the case of Self-Managed AIFs
- SLC 4(ii) of Section 1 to Part BIII of the Investment Services Rules for Investment Services Providers in the case of De-Minimis AIFMs
- Section 4 of Appendix 13 to Part B of the Investment Services Rules for Investment Services Providers if the Company is a Full AIFM;

The 'Licence Holder Portal Guide – Accessing and Reviewing File Status on the LH Portal - User Logs' available on MFSA's [Reporting Guidelines for Alternative](#)

[Investment Fund Managers](#) provides further details for AIFMs on a list of status of files submitted on the LH Portal.

Q18) **What actions should be taken when the status on the 'User Logs' is 'File rejected'?**

A18) The system provides an automated feedback message to the LH Portal user for each XML file submitted by the AIFM within the Zip file containing errors. This feedback message includes a list of findings, specifying any errors in the XML file. The AIFM is expected to rectify the contents of the file accordingly and re-submit the report on the License Holder Portal.

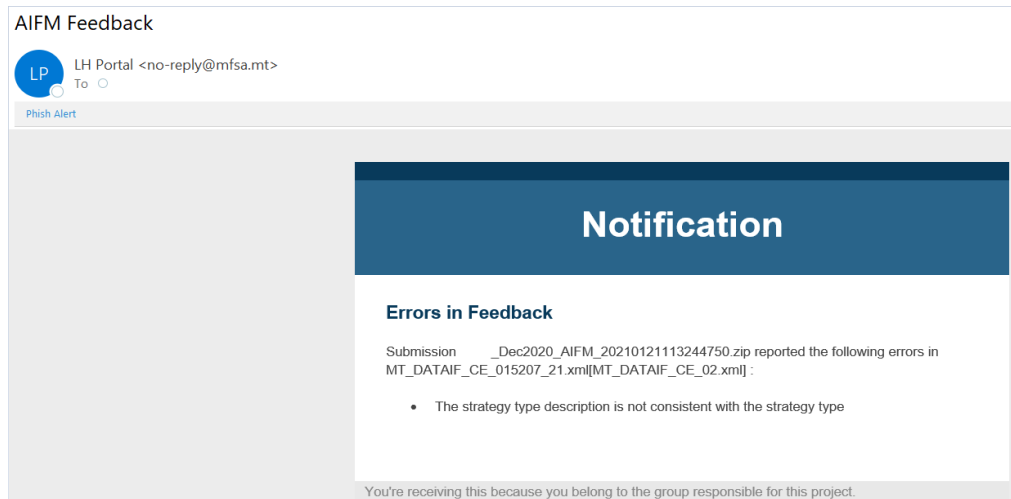


Fig.2: Automated message with feedback when the file is rejected

Q19) What actions should be taken when a submission has failed to receive a feedback message from the system?

A19) The system also generates an automated message when a file, which had been previously uploaded to ESMA, fails to receive a feedback message (i.e. whether the file has been Accepted or Rejected). In such cases, the AIFM is instructed to re-submit the file in its entirety or only for part of its contents, depending whether the failure affected all the contents of the file or any specific files.

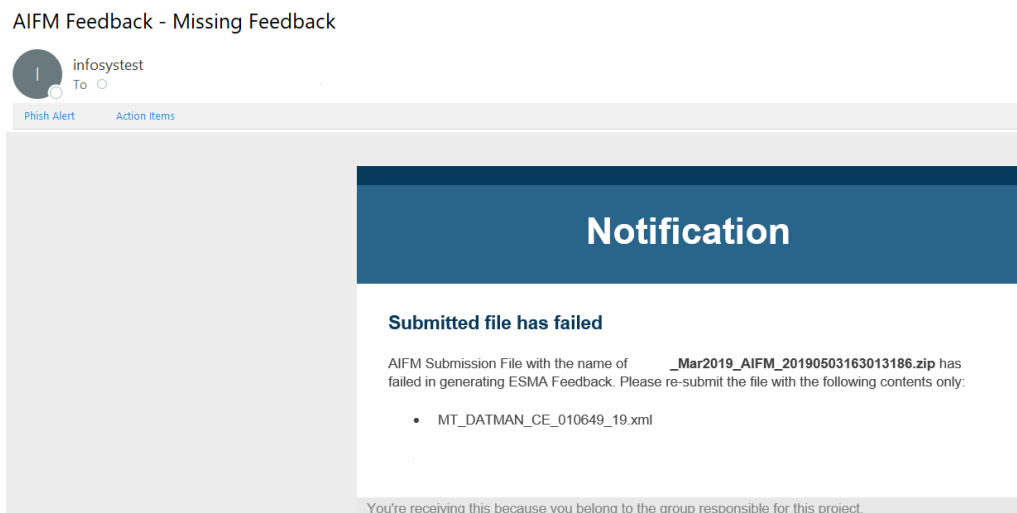


Fig.3: Automated message when the file does not generate any feedback

Section 3: AIFM Specific Reporting information

This section applies to ESMA's reporting templates provided in Annex I of the reporting templates

- Q20) **Will the MFSA as the AIFMs' national competent authority assign unique identifiers to each AIFM?**
- A20) Yes, in the case of Maltese licenced AIFMs the national identifier will be the unique licence code available on the licence of the AIFM taking into consideration letters and numbers only (i.e. excluding any spaces and punctuation marks). For example, if the licence code of an AIFM is 'IS/ 1234', the unique identifier will be 'IS1234'. These national identifiers are required to be consistently reported in the 'AIFM National Code' in the respective reporting templates.
- Q21) What is the AIFM National Code for Self-Managed AIFs?
- A21) If the AIFM is a multi-fund self-managed scheme, its national code is the licence number of its sub-funds as stated in Q2 below, with the omission of the last letter. For example, if the licence code of an AIF is 'AIF/ 1234A', the unique identifier of the AIFM will be 'AIF1234'.
- Q22) In the case of Non-EU AIFMs reporting information under Article 42 what is the National code that should be reported?
- A22) Non-EU AIFMs are expected to report the licence or registration number provided by the National Competent Authority of the AIFM in the by the National Competent Authority of the Home Member State of the AIFM.
- Q23) How should AIFMs answer Questions 35 and 36, as specified in the Annex I Reporting template?

A23) AIFMs should indicate the legal name and, if available, the LEI code. If the LEI is not available, AIFMs should provide the BIC code (if available).

AIFMs are also strongly encouraged to obtain and provide their LEI (Legal Entity Identification) code.

Q24) When AIFMs manage AIFs with different base currencies, how should Question 57 (AUM in base currency) of the AIFM-Specific reporting template be answered?

AIFMs should always indicate the value of assets under management for all AIFs managed in Euro. AIFMs should use the conversion rate provided by the European Central Bank (ECB) as of the last business day of the reporting period. AIFMs are only required to include the value in base currency of all AIFs managed by the AIFM when all AIFs of the AIFM are denominated in one single base currency that is not the Euro.

Q25) How can AIFMs verify whether the correct Euro FX rate and not the reciprocal has been reported by mistake?

A25) The currency rate should reflect the amount of the base currency (Base CCY) for one EUR using the ECB conversion rate as of the last business day of the reporting period. By way of example, and in relation to the reporting period to 31 December 2019, the exchange rate (based on ECB exchange rates at the time) for: a. GBP/EUR was 0.85080; and b. US\$/EUR was 1.1234.

Further clarification is provided in ESMA's response to questions 58 and 59 in section XII of the latest version ([ESMA34-32-352](#)).

Q26) In which currency, should AIFMs report information on the five principal markets and five principal instruments in which they trade (Questions 29 and 32 of the AIFM-Specific reporting template)?

A26) AIFMs are required to report this information in the Euro currency.

Section 4: AIF Specific Reporting Content

This section applies to ESMA's reporting templates provided in Annex II-IV of the reporting templates.

Q27) Are AIFMs required to report the information prescribed in Article 24(2) AIFMD for all AIFs under management?

A27) All AIFMs are required to report the contents prescribed in terms of Article 24(2) AIFMD for: (i) each of the EU AIF it manages, and (ii) each of the AIFs it markets in the EU.

- Q28) Will the MFSA assign unique identifiers to each fund licensed in Malta?
- A28) Yes, in the case of Maltese licenced AIFs the national identifier will be the unique licence code available on the licence of the AIF taking into consideration letters and numbers only (i.e. excluding any spaces and punctuation marks). For example, if the licence code of an AIF is 'AIF/ 1234A', the unique identifier will be 'AIF1234A'. These national identifiers are required to be consistently reported in the 'AIF National Code' in the respective reporting templates.
- Q29) In the case of Non-EU AIFMs reporting information under Article 42 what is the national code that should be reported?
- A29) Non-EU AIFMs are expected to report the license or registration number provided by the national competent authority of the AIFM in the by the National Competent Authority of the Home Member State of the AIFM.
- Q30) In the case an AIFM that manages an EU/Non-EU AIF which is registered/licenced with an EU/Non-EU National Competent Authority, what is the national code that should be reported?
- A30) With respect to funds domiciled outside Malta, the AIFM should report the registration number/ licence number provided by the National Competent Authority of the Home Member State of the fund.
- Q31) What national code should AIFMs report for NAIFs?
- A31) The AIFM should report the registration number provided by the Malta Business Registry (e.g. SV 246).
- Q32) In the case of AIFMs managing fund of funds, what AIF -specific information should the AIFM report in relation to the underlying funds of the AIF?
- A32) The Reporting Guidelines issued by ESMA [ESMA/2014/869EN] state that AIFMs managing fund of funds should not look through the holdings of the underlying funds which the AIF is invested in. The AIFM shall report aggregated information at the level of the AIFM as well as information on the funds of funds no later than 30 days after the end of the reporting period.
- Q33) What NAV should the AIFM use when the NAV of the fund of funds is not available at the end of the applicable reporting period?
- A33) In the case where the Net Asset Value of fund of funds is not yet available, the AIFM shall complete the returns relating to the AIF by using a draft NAV. Where the NAV issued subsequently differs significantly from the draft NAV submitted, the AIFM would be required to re-submit an updated return to the MFSA with the respective amended fields. Please refer to Q62 in relation to the reporting requirements for submitting an updated return.

Q34) Can any certain types of funds (e.g. private equity, real estate, closed-ended) disapply any parts of the Specific AIF reporting templates?

A34) AIFMs cannot disapply mandatory fields based on the AIF type or investment strategy. This means that AIFMs managing private equity, real estate and other closed-ended fund structures are expected to, inter alia, provide information on market risk profile and results of stress tests.

For closed-ended unleveraged AIFs, which are exempt from implementing liquidity risk management systems and from “conducting stress tests, under normal and exceptional liquidity conditions” under Article 16(1) of the AIFMD, the ESMA Q&As on the application of the AIFMD [[ESMA34-32-352](#)] points out that given the mandatory character of the field, AIFMs should indicate the question is Not Applicable and at least report in this field the fact that the relevant fund is a closed-ended unleveraged AIF.

Q35) What information should be included in Question 31 and 32 of the Annex II reporting template?

A35) Questions 31 and 32 are optional and should be left blank if there is no change in the AIF national identifier during the reporting period.

Q36) What information should be included in Questions 24 to 30, as specified in Annex II of the Reporting Template, if the AIF does not have a LEI code, or ISIN code, or CUSIP code, or SEDOL code, or Bloomberg Code, or Reuters code **and/or an ECB code (“International identifiers”)?**

A36) According to the IT Technical guidance ([2013/1358](#)) published by ESMA, Questions 24 to 30 prescribe the use of international identifiers for the identification of the AIFs managed by the AIFM.

If available, AIFMs should aim to provide the ISIN codes and other international codes the AIF may have. In the case of AIFs with multiple share classes, AIFMs should report all the codes of all the share classes.

For LEI codes, the AIFM can access the database on the Legal Entity Identifier Regulatory Oversight Committee (ROC) website at <http://www.leiroc.org/>.

Q37) In what currency shall monetary values be reported?

A37) Monetary values should be stated in the base currency as prescribed in the Offering Documents or instruments of incorporation of the AIF.

Q38) Should the Net Asset Value of an AIF be expressed in the base currency of the AIF or in the Euro equivalent?

A38) The Net Asset Value of an AIF should reflect the AIF’s net asset value per unit or share subject to the Offering Documents or instruments of incorporation.

Q39) Are AIFMs required to translate the Assets Under Management of an AIF in the Euro equivalent in the AIF-Specific reporting file?

A39) AIFMs should report the value of Assets Under Management of the AIF in the base currency of the AIF. AIFMs are not required to convert the value of the AUM in Euro in the AIF-Specific reporting files but should only indicate the exchange rate between the base currency of the AIF and the Euro using the ECB conversion rate (if relevant) as of the last business day of the reporting period.

Q40) Should leverage be provided numerically, as a ratio or as a percentage of NAV?

A40) Leverage should be reported as a percentage of NAV. This is in line with ESMA's finalised guidelines on reporting, which confirm that leverage should be expressed as a percentage. In particular paragraph 127 states 'For the calculation of the leverage under the Gross and the Commitment methods, AIFMs should report **values expressed as a percentage of the NAV**'.

For example, if exposure is €2bn and NAV is €1bn the calculation would be $(€2bn/€1bn)*100$. The result is 200% and this is the figure that should be recorded in the report and should be reported specifically as 200 excluding special characters (in this case "%").

Q41) How should leverage/exposures of an unleveraged fund be reported?

A41) Absence of leverage should be expressed as 100% in the commitment method (and reported as 100 in the reporting templates), while for the gross method the absence of leverage is equal to 100% - cash in base currency%.

AIFMs should always calculate the value of an AIF's leverage based on the calculation methodologies prescribed in the AIFMR.

Q42) Is it possible to report negative leverage?

A42) The AIFMD Reporting XML schema validation checks do not allow the reporting of negative leverage as the calculation shall take into account the exposures of the fund in absolute values of all the positions in the portfolio, in terms of the particular methodology.

Q43) Can leverage, as calculated under the Gross Method, be below 100%?

A43) Leverage can fall below 100% under the Gross Method, due to the exclusion of cash at the end of the reporting period. It is to be noted that the value of cash must be in base currency, as cash in foreign currency is included in the Gross method computation.

- Q44) **Must all AIFMs answer Questions 296 to 301 of ESMA’s consolidated reporting template provided in Annex IV of the Reporting Templates?**
- A44) No. Only AIFMs managing AIFs employing leverage on a substantial basis must answer Questions 296 to 301 stipulated in Annex IV of the Reporting Templates.
- Q45) How should the AIFM determine leverage on a substantial basis for the purposes of reporting under Article 24(4) AIFMD?
- A45) An AIF with a leverage ratio of at least three times its NAV calculated according to the Commitment Approach is deemed to be employing leverage on a substantial basis.
- Q46) What information should be included in Questions 14 and 15 specified in **ESMA’s consolidated reporting template according to the** AIFMD reporting IT technical guidance (rev 4) [updated] [[ESMA 2013/1358](#)]?
- A46) Questions 14 and 15 relate to disclosures of any assumptions made to arrive at answer to any question in returns. For the sake of consistency and referencing, the applicable question number shall be entered in Question 14 while the description of the assumption in text format shall be disclosed in Question 15.
- Q47) **What information should be included in Question 94 specified in ESMA’s consolidated reporting template according to the AIFMD reporting IT technical guidance (rev 4) [updated] [[ESMA 2013/1358](#)]?**
- A47) In Question 94, the AIFM is required to rank the ten principle exposures by sub-asset type and type of position (long or short). The sub-asset type categories for real estate/ property investments are provided in Questions 59 to 61 of column F of Table 1 of [ESMA’s AIFMD Reporting - Annex 2 -Tables 1-7](#).
- Q48) How should the five most important portfolio concentrations in Question 103 of Annex II of the Reporting Templates be ranked?
- A48) The portfolio concentration requested in Question 103 shall be ranked by asset type, market and position type in line with Table 1 of [ESMA’s AIFMD Reporting - Annex 2 -Tables 1-7](#).
- Q49) What information should be included in Questions 203 to 207 specified in **ESMA’s consolidated reporting template according to the** AIFMD reporting IT technical guidance (rev 4) [updated] [[ESMA 2013/1358](#)]?
- A49) The fields in Questions 203 to 207 are optional and should be completed in line with the respective Offering Documents.
- Q50) **Which period should AIFMs use when reporting information on ‘Instruments traded and individual exposures’ (Questions 121 to 124 of the consolidated reporting template) – the residual maturity of the instrument or the maturity at issuance?**
- A50) AIFMs should use the residual maturity as at the reporting date.

Q51) How should AIFMs calculate the percentage of market value for securities traded on regulated markets and OTC markets (Questions 148 and 149 of Annex III of the Reporting Templates)?

A51) AIFMs should aggregate the market value of all securities traded and report the percentage of the market value of securities traded on a regulated exchange and OTC. Regulated exchanges include regulated markets, multilateral trading facilities and organised trading facilities. Securities that are not traded on regulated exchanges should be considered as traded OTC. The total should equal 100%.

Q52) How should AIFMs report the information on the liquidity portfolio when the AIF is invested in assets with no current liquidity for which it is not possible to determine the future liquidity (Questions 178 to 184 of Annex III to Appendix 13 to Part BIII of the Investment Services Rules for Investment Services Providers)?

A52) AIFMs should adopt a conservative approach and assign the instrument to the longest period bucket.

Q53) AIFMs should report the BIC and LEI of the five biggest counterparties to which an AIF has exposure (Questions 163 and 164 of Annex III of the Reporting Templates). How should AIFMs identify those counterparties if they do not have such codes?

A53) BIC and LEI codes can be found on the website of the SWIFT at <https://www2.swift.com/bsl/index.faces> and the Legal Entity Identifier Regulatory Oversight Committee (ROC) at <http://www.leiroc.org/>. AIFMs should only exclude this information when a counterparty does not have such codes. In this case, AIFMs should only report the full name of the counterparty.

Q54) How should AIFMs managing AIFs holding cash report the breakdown of investment strategies?

A54) When the holding of cash is part of a strategy, AIFMs should not report cash separately.

For example, an AIF with a commodity trading strategy representing 70% of its NAV, out of which 30% of the NAV is made up of cash at the time of the reporting date, should allocate 70% of its NAV to the strategy. If the cash holding is not a significant part of an investment strategy, AIFMs should use the strategy 'other' of the predominant AIF type selected and report the corresponding percentage of the NAV held in cash. AIFMs should also use Question 61 of Annex II of the reporting templates to make it clear that the field 'other' is made up of cash.

Q55) Should AIFMs use the NAV when they report information under Questions 48 and 86 to 93 in Annex II Reporting?

A55) No, AIFMs should use the total value of assets under management calculated in accordance with Article 2 AIFMR for Questions 48 and 86 to 93 of Annex II of the Reporting Templates as applicable.

- Q56) Is an AIFM of an AIF that has multiple share classes required to identify the different share classes and if so, what identification information should be reported?
- A56) Yes, AIFMs should identify all share classes of an AIF. Where applicable AIFMs should obtain and report the ISIN code to identify each share class.

Section 5: Specific Reporting Requirements

- Q57) Is an AIFM with no information to report required to submit an Annex IV AIFMD return?
- A57) Yes. Where an AIFM does not have information to report on itself, the AIFM shall submit a 'Nil' return AIFM-specific reporting file by answering positively to the 'no reporting flag' by setting the field as 'True' and completing the return as described hereunder.

The AIFM-specific reporting files shall be completed in the following manner:

- Items 1-21 shall be completed as applicable;
- Item 21 'AIFM no reporting flag' should read True; and

The other data in the file must be left blank as otherwise the file will not pass the validation.

AIFMs are not required to complete the AIF-specific reporting templates if the AIFM has no fund mandates.

- Q58) Are AIFMs required to submit an AIFMD return when there is no information to report on a specific AIF managed?
- A58) Yes. The AIFM shall submit a 'Nil' return AIF-specific reporting file for each fund where there is no information to report, by answering positively to the 'no reporting flag' by setting the field as 'True' and completing the return as described hereunder.

The AIF-specific reporting files shall be completed in the following manner:

- Items 1-23 shall be completed in order;
- Question 23 shall be set to True; and

The remaining questions in the file shall be left blank as otherwise the file will fail the validation test.

Q59) What are the reporting requirements for the last return?

A59) The AIFM should provide a final report to the MFSA by providing a positive answer to the Last reporting flag (i.e. Last reporting flag=True). In addition, the AIFM should use the 'Reporting Period Type' code to report the date of the liquidation event (according to the most relevant reporting reference period).

We expect the AIFM to submit the last return on the LH Portal as soon as possible and by not later than 1 month after the end of the quarter immediately following the period when the reporting obligation has ceased. If the fund has been liquidated in previous reporting periods but a positive response was not provided to the 'last reporting flag' the AIFM should rectify this immediately and by not later than the end of the next quarter.

When a liquidator is appointed, a final return should be provided to the MFSA immediately prior control is passed to the liquidator.

Q60) **In the case where an AIFM's reporting obligation has changed, how should the change be reported within the Annex IV AIFMD return and when should it be reported to the MFSA?**

A60) The AIFM is required to complete the information in Questions 10 to 12 of the Annex I reporting template (for a change in the reporting obligation of the AIFM) and Question 10 to 12 of the Annex II reporting template (For a change in the reporting obligation of the AIF), which require the AIFM to report the applicable codes relating to the change in reporting content and/or the change in reporting frequency, as stipulated in [Tables 8-9-10 of Annex 2 of ESMA guidelines on reporting obligation \(2013/1360\)](#).

A change in the applicable reporting obligation, whether the change means a change in the content and/or frequency in reporting, takes effect immediately from the next full calendar quarter except for a change that is associated with an approval process by the MFSA. The latter is effective from the next full calendar quarter from the date of approval by the MFSA.

By way of an example, when a change results from an upgrade of the AIFM's license from a de-minimis/below-threshold AIFM to a Full-Scope AIFM, the change in the reporting obligation should be reported in the next full quarter after the revision of license has been officially approved by the MFSA. Further examples of reporting in these situations are available in Section IX of the ESMA Guidelines (Guidelines on reporting obligations under Articles 3(3)(d) and 24(1), (2) and (4) of the [\[ESMA/2014/869EN\]](#)).

Q61) In the Reporting Guidelines for Alternative Investment Fund Managers, the Authority recommends that every AIFM establishes a threshold testing policy to determine whether changes in the final NAV have to be reported to the MFSA through an updated return for the respective reporting period. How should this threshold be determined?

A61) An AIFM should determine the threshold testing policy depending on the nature and the characteristics of the AIF under management, including the portfolio of investments and redemption policy.

Q62) If a discrepancy is identified in one or more fields, how can the previously submitted valid file be overwritten?

A62) The Licence Holder may submit an updated file which will automatically overwrite the file previously submitted and validated by ESMA (i.e. "File Accepted by ESA"). The filing type (Question 4 in Annex I and Annex II of the reporting templates), should be filled in as 'AMND' to indicate that the respective file includes an amendment to a previously submitted report.

Q63) Are there any particular circumstances where the MFSA requires the AIFM to submit a revised return?

A63) Yes. In the course of routine data monitoring and analysis procedures the MFSA monitors data quality on valid submissions (i.e. returns which have been accepted by ESMA).

The MFSA reserves the right to contact the AIFM to revise past submissions whenever data quality issues are identified in valid AIFMD returns. Nevertheless, the AIFM should undertake its best endeavours to submit data, which is complete, accurate and final by the reporting deadline.

Q64) Is a Maltese AIFM that manages a non-EU Master AIF and a Feeder AIF that is either an EU-AIF or an AIF marketed in the EU required to report the information required in terms of Article 24(2) AIFMD separately for the Master AIF and Feeder AIF?

A64) A Maltese AIFM (i) falling within the half-yearly or quarterly reporting frequencies, (ii) managing a non-EU Master AIF and (iii) which has one of its Feeder AIFs managed or marketed in the EU is required to provide the information required in terms of Section 3 (11) and (12) of the ESMA Opinion [ESMA/2013/1340].

Moreover, in the case where the AIFM falls within the scope of half-yearly or quarterly reporting obligations, the said AIFM is required to report the information prescribed in terms of Article 24(2) AIFMD separately for the Master AIF and the Feeder AIF.

Section 6: Validation Errors

This Section briefly outlines common validation errors in the contents of the XML files.

Q65) Has the MFSA identified any common validation errors?

A65) The MFSA has identified some simple errors that AIFMs can quickly verify prior the submission of the return. Notwithstanding the below, please be advised that the following list is not a complete list of validation errors and are not a substitute for carrying out adequate validation checks on the content of the files with the ESMA IT technical guidance.

- Errors relating to discrepancies in the information reported in the Annex IV AIFMD Returns and the ESMA registers (applicable to AIFMs licensed entities licensed as Full-Scope AIFMs and Self-Managed AIFs)

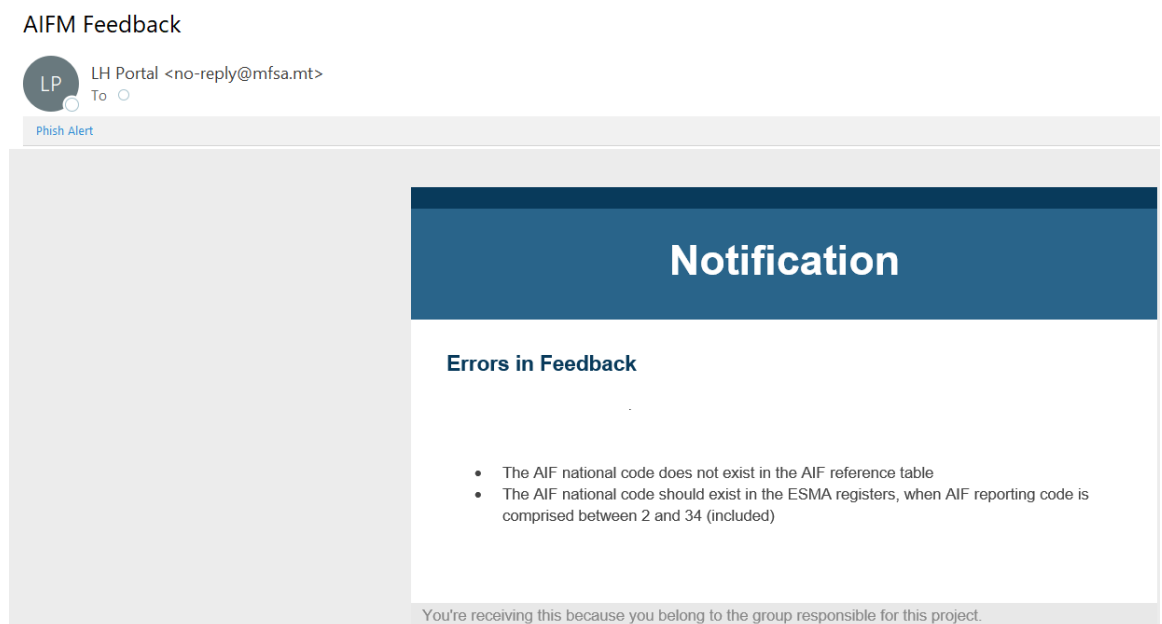


Fig4. Automated message with feedback relating discrepancies in the information in the Annex IV AIFMD Returns and the ESMA registers

Such errors occur mainly in the case of AIFMs that have added or removed new AIF mandates during the reporting period. In this regard, AIFMs are encouraged to provide a separate notification to the MFSa on aifmdreporting@mfsa.mt with information on the new funds under management in advance of the submission deadline and prior submitting the Annex IV AIFMD Returns. This will enable the MFSa to update the information on the ESMA registers.

- Errors relating to consistency between the monthly information and the reporting period type.

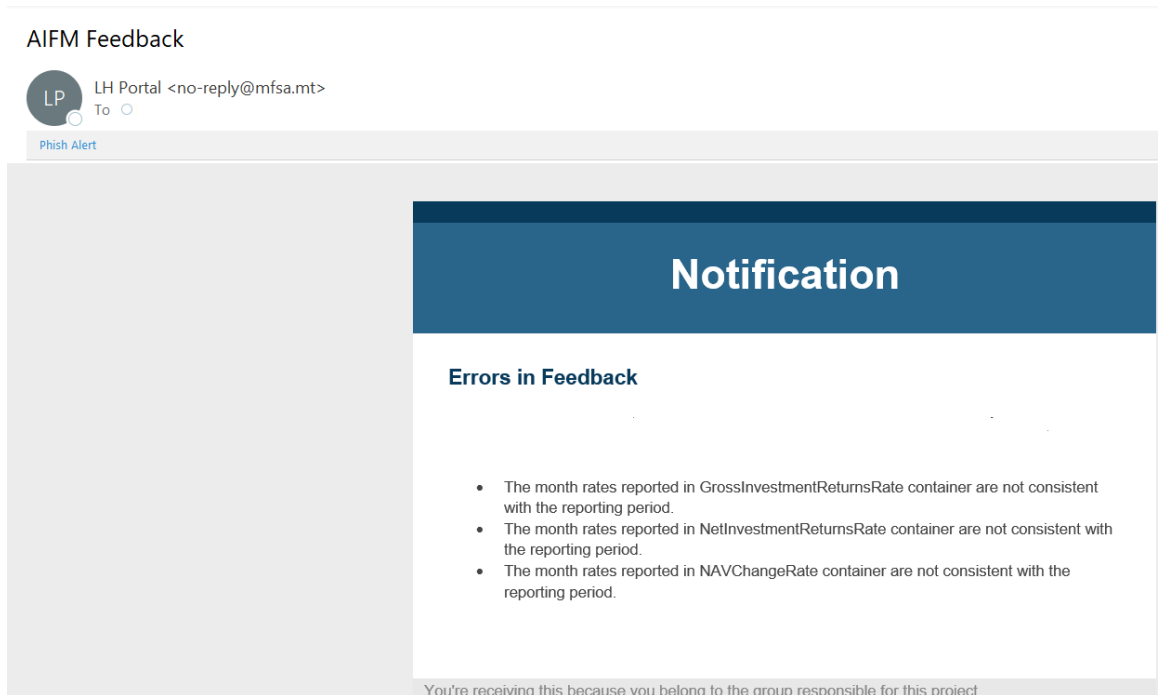


Fig 5. Automated message with feedback relating to inconsistencies between the monthly information and the reporting period type

AIFMs are required to report the monthly values for “Gross Investment Returns”, “Net Investment Returns”, “Change in Net Asset Value”, “Subscription” and “Redemption” according to the month.

The information on monthly values should be consistent with the reporting period type selected. For instance, a quarterly reporting obligation should not have information on months corresponding to a half year or a full year. The monthly values reported can only ever be related to the period covered by the report.

For example: an AIF with a Quarterly reporting obligation reporting information on Q4 (i.e. 01 October to 31 December) shall only report the monthly values of October, November and December. All other months should be left blank and not reported as zero.

6	Reporting period start date	01/10/2020
7	Reporting period end date	31/12/2020
8	Reporting period type	Q4
9	Reporting period year	2020

a) Gross Investment returns or IRR of the AIF over the reporting period (in %, gross of management and performance fees)	
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	2.03
November	-0.54
December	-0.68
b) Net Investment returns or IRR of the AIF over the reporting period (in %, net of management and performance fees)	
January	
February	
March	
April	
May	
June	
July	
August	
September	
October	2.15
November	-0.48
December	-0.71

Fig 6: Reporting of Monthly values with a Quarterly frequency Scenario

➤ Errors relating to the reporting period start date and the reporting type

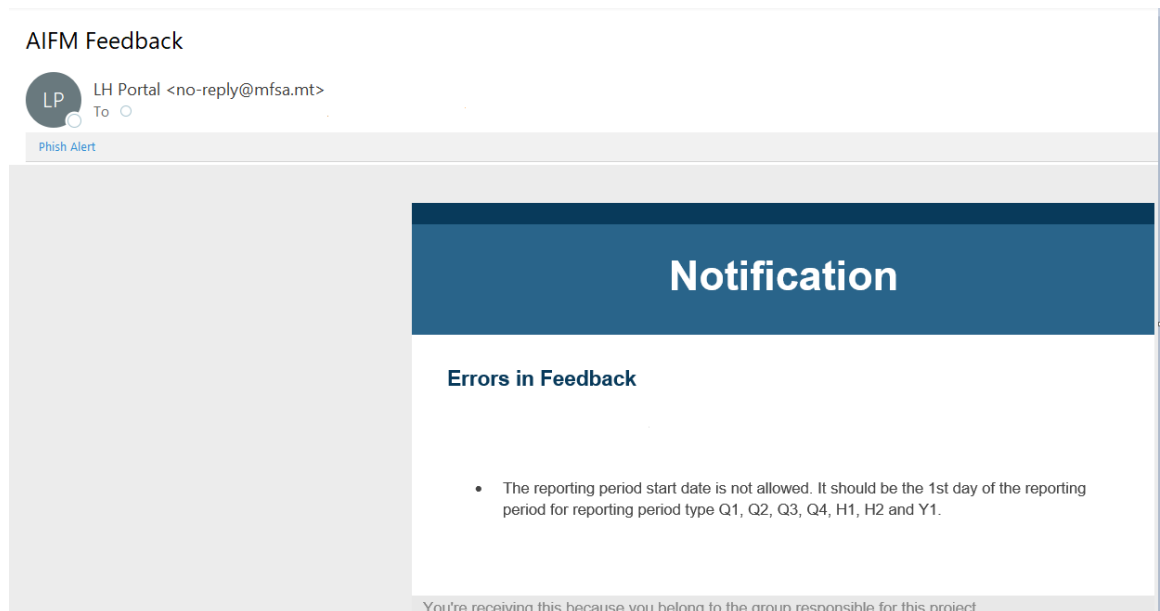


Fig 7. Automated notification with feedback on inconsistent reporting dates and reporting type

There are cases where the first reporting will not include information covering the reporting frequency obligation in its entirety.

One such case is common when AIFMs file their first submission or the first report for an AIF. In this regard, the AIFM/AIF may not have been authorised for the whole period of its reporting frequency obligation. In this case, the reporting start date will be the first day of the next full calendar quarter from the authorisation date of the AIFM/ AIF. The AIFM should ensure that the start and end dates match with the reporting period type, regardless of the reporting frequency obligation.


For example: if an AIF has an annual frequency obligation but was authorised on the 07 May 2020, the first report should state a 'reporting start date' of 01/07/2020 which is the start date of the next full calendar quarter following the date the AIF was licensed. It is to be noted that the 'inception date' should still be the authorisation date of the fund (i.e.) 07 May 2020. In addition, the 'reporting period type' must match with the period covered by the report, which in this example would be 'H2', meaning that the report covers the period 01/07/2020 till 31/12/2020. Such a report would include all information about the AIF since the inception of the fund.

6	Reporting period start date	01/07/2020	
7	Reporting period end date	31/12/2020	
8	Reporting period type	H2	
9	Reporting period year	2020	
10	Change in AIF reporting obligation frequency Code		
11	Change in AIF reporting obligation contents Code		
12	Change in AIF reporting obligation Quarter		
13	Last reporting flag	FALSE	
AIFM - Assumption description			
		14	15
		Question Number	Assumption description
	Item number		
	Item number		
	Item number		
	...		
16	AIFM national code	IS9999	
17	AIF national code	CIS888	
18	AIF name	Malta Fund	
19	AIF EEA flag (Yes/No)	FALSE	
20	AIF reporting code		
21	Domicile of the AIF	MT	
22	Inception date of the AIF	07/05/2020	

Fig 8. First Reporting Scenario when an AIFM's license date does not cover the entire reporting period frequency obligation

➤ Errors related to missing mandatory data

AIFM Feedback

 LH Portal <no-reply@mfsa.mt>
To ○

Phish Alert

Notification

Errors in Feedback

- The position type is not consistent with the sub-asset type. PositionType in MainInstrumentTraded container is mandatory for SubAssetType different from "NTA_NTA_NOTA" and forbidden otherwise

You're receiving this because you belong to the group responsible for this project.

Fig 9. Automated notification with feedback on missing mandatory information

AIFMs are required to answer certain compulsory questions in the reporting templates when specific answers are provided in accordance with Tables 1-7 of Annex 2 of the ESMA reporting guidelines.

For example: Question 32 of the Annex I reporting template is mandatory when the Sub-asset type code specified in Question 30 by the AIFM is not "NTA_NTA_NOTA".

Five principal instruments in which it trades on behalf of the AIFs it manages				
	30	31	32	
	Ranking	Sub-asset type code	Aggregated value of the sub-asset type	
1 st	1	SEC_LEQ_OTHR	2000000	
2 nd	2	CIU_NAM_OTHR	1500000	
3 rd	3	NTA_NTA_NOTA		
4 th				
5 th				

Fig10. Answering mandatory fields

➤ Errors arising from incorrect numerical sorting of values

AIFM Feedback

LP LH Portal <no-reply@mfsa.mt>
To ○

Push Alert

Notification

Errors in Feedback

- Field 29 "Aggregated value of the principal market" (AggregatedValueAmount in AIFMFivePrincipalMarket container) is not consistent with the rank. Value reported for Rank 1 should be above or equal to the second rank values and so on.

You're receiving this because you belong to the group responsible for this project.

Fig 9. Automated notification with feedback on incorrect rankings

The source of these validation errors is generally related to questions that ask the AIFMs to rank information in numerical order. AIFMs are encouraged to review the rankings to ensure the values are sorted accordingly. Whilst doing so, the AIFM should disregard any qualitative characteristics of the value, such as the position type.

Table 3: Ranking of an instrument's position

INCORRECT RANKING	CORRECT RANKING
1 Long 5,000,000	1 Long 5,000,000
2 Long 3,000,000	2 Short 4,000,000
3 Long 250,000	3 Long 3,000,000
4 Short 1,000,000	4 Short 1,000,000
5 Short 4,000,000	5 Long 250,000

Section 7: Data Quality

Q66) What common data quality reporting issues have been identified by the MFSA?


A66) During the reviews conducted on valid AIFMD returns (i.e. returns which have been accepted by ESMA), the MFSA identified the following common issues with data reported by AIFMs which hampered effective analysis of the data.

➤ Inconsistent values

For example, between the value of (a) the AUM calculated in EURO (as reported in the AIFM specific report) ; and (b) AUM in the base currency of the fund (as reported in the individual AIF specific report/s). All AUMs of the AIFs reported under (b) when converted to EUR and added together should be equal to the AIFM's total AUM expressed in (a).


➤ Highly unlikely values

In previous reporting periods, the Authority noted that AIFMs submitted exaggerated figures and as a result data was drastically skewed.

 Gross leverage and Commitment Leverage - It is crucial that all AIFMs report this information as accurately as possible by referring to the calculation methodologies set out in the directive. With respect to reporting of leverage information please refer to Q40, Q41, Q42, Q43 and Q44.

➤ Missing data

The AIFMD requires that data reported on the AIF and AIFM is used by Competent National Authorities to identify the build-up of systemic risk, risks of disorderly markets and risk to the long-term growth of the economy.

 International Identifiers - The Authority notes that international identifiers such as the LEI and BIC codes are not being reported in the AIFMD returns despite such identifiers may already be available to AIFMs under other EU reporting frameworks (e.g. EMIR, MiFID II etc).

The reporting of LEI and/or BIC codes will assist the MFSA when it reviews and analyses the returns submitted. In addition, the AIFMD returns are ultimately used by ESMA to monitor how the activities of AIFMs may also serve to spread or amplify risks through the financial system.

The MFSA expects the AIFM to answer the questions, particularly if these are included in other reporting frameworks, such as EMIR.

➤ Incorrect system of measurement

Answers to the same question were noted to be reported asymmetrically by different AIFMs. One reason for this could be that AIFMs are using different systems of measurement depending on their interpretation of the type of information that should be reported causing distorted measurements.



Total number of subscriptions/redemptions – The value should be based on the actual monetary amount paid by investors for each month of the reporting period and not on the number of shares.

Annex I: AIFMD transparency reporting reference documents

AIFMs can obtain further information from the following documents:

- (i) [Directive 2011/61/EU](#) of The European Parliament and of The Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 - Articles 3 (Exemptions) and Article 24 (Reporting obligations to competent authorities)
- (ii) [Commission Delegated Regulation \(EU\) No 231/2013](#) of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision - Article 110 (Reporting to competent authorities and Annex IV Reporting Templates)
- (iii) Guidelines on reporting obligations under Articles 3(3)(d) and 24(1), (2) and (4) of the AIFMD (ESMA's final version of its guidelines [\[ESMA/2014/869EN\]](#))
- (iv) ESMA Questions and Answers - Application of the AIFMD [updated] [\[ESMA34-32-352\]](#)
- (v) ESMA Opinion on the Collection of information for the effective monitoring of systemic risk under Article 24(5), first sub-paragraph, of the AIFMD [\[ESMA/2013/1340\]](#)
- (vi) AIFMD - Reporting - XML sample documents - V1.2 [\[ESMA 2013/1361\]](#)
- (vii) AIFMD reporting IT technical guidance (rev 4) [updated] [\[ESMA 2013/1358\]](#)
- (viii) AIFMD Reporting – Annex 2 – Tables 1-7 [\[ESMA2013/1586\]](#)
- (ix) Tables 8-9-10 of Annex 2 of ESMA guidelines on reporting obligation [\[2013/1360\]](#)

The Authority has also separately published on the [Circulars and notes page](#), three communications providing information about the MFSA's transparency reporting requirements for AIFMs:

- a. [Reporting Guidelines for Alternative Investment Fund Managers \(02 May 2018\)](#)
- b. Second Circular to the financial services industry on the transparency requirements applicable to Alternative Investment Fund Managers (17 December 2014)
- c. Circular to the financial services industry on the reporting requirements applicable to Alternative Investment Fund Managers ('AIFMs') (26 March 2014)