

Tackling the reporting challenge

How to meet the new AIFMD reporting obligations

September 2013



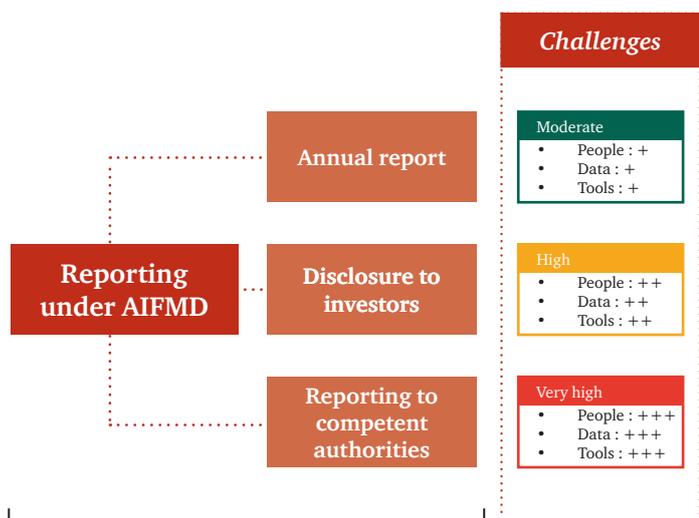
The Alternative Investment Fund Managers Directive (AIFMD — 2011/61/EU) entered into force on 22 July 2013. To date, many market players have not focused on the AIFMD reporting requirements as compliance with such rules is not triggered until authorisation is obtained. All AIFMs will need to be authorised by 22 July 2014 and reporting will come soon thereafter.

The operational challenges, associated in particular with the reporting to competent authorities, should not be underestimated. Will you be ready on time?

What is the purpose of the new AIFMD reporting obligations?

The regulator's objective is to identify potential systemic risks within the alternative investment fund (AIF) industry.

To this end, the regulator needs access to relevant information on market players. The new reporting requirements provide a standard data collection framework and should therefore facilitate not only the comparison and exchange of information, but also the analysis and monitoring of systemic risks.



How will this affect asset managers?

As shown beside, the AIFMD sets out numerous reporting and transparency requirements. Considering the type (e.g. annual reports, disclosures to investors, reporting to competent authorities), volume and frequency of information to be provided, the new directive will have profound consequences on the current structure and operations of the AIF industry. Alternative investment fund managers will need to assess the impact of these new requirements on their organisation. But there is no doubt that these key changes will comprise both technical and operational challenges.

Specific cases of AIFMs managing:

- leveraged AIFs;
- AIFs acquiring of non-listed companies and issuers.

Reporting to authorities – the main challenge

Impacts

The following aspects will be affected by the new reporting obligations:

- The way AIFMs collect, handle and report information;
- The ability to comply with the new reporting frequencies defined by the regulator;
- Technical and human resources needed to perform the reporting.

Operational set-up

- Design and implementation of automated data collection and storage;
- Design of reporting framework to meet the expectations of the regulator;
- Design of XML files with specific parameters for each reporting line in accordance with ESMA's new electronic reporting obligations (XML filing).

Technical and operational challenges

Data availability

- Review and adaptation of the organisation, processes and workflows in order to gather required information on a single platform (e.g. trading market);
- Define solutions in order to implement access to information available for third parties (e.g. re-hypothecation rate of collateral).

Interpretation

- Analysis of regulatory requirements which, despite increased standardisation and additional ESMA guidance, remains subject to interpretation.

Our approach

We can assist you through dedicated services:

Diagnostic

Our diagnostic aims to assess your current reporting processes, systems and capabilities in light of the reporting obligations under the AIFMD and ESMA guidelines, and identify gaps between your current and target reporting model.

What's in it for you?

A detailed and comprehensive view of the deficiencies and/or enhancements required within your organisation.

Recommendations

Our recommendations will assist you in defining clear, pragmatic solutions to address the gaps identified during the diagnostic phase.

Such recommendations may include the following aspects:

- Where to find the required data;
- How to compute and derive required information;
- How to adapt internal communication system in order to collect and process data;
- How to design and implement XML files or an automatic data collection system;
- What level of resources and investment will be required initially and on an ongoing basis.

What's in it for you?

A comprehensive understanding of requirements and solutions available to remedy identified gaps as well as the expected impacts on your organisation.

Action plan

Our proposed action plan will specify the actions and timeline to follow in order to be fully compliant and ready from an operational stand point.

Actions will be presented according to level of priority and implementation.

What's in it for you?

A clear and detailed roadmap to compliance.

Implementation

We can design, build and deliver an end-to-end solution through:

- Identification, selection and implementation of reporting tools (we have already performed analysis of existing solutions to accelerate the process);
- Definition models and systems to gather the required data;
- Data quality review;
- Data integration, development and generation of XML files;
- Test and implementation;
- Support and change management.

Third party review/Validation

- Assisting you in reinforcing the trust that stakeholders place in you, we can help your organisation demonstrate the quality delivered.
- Combining the expertise of both our Regulatory and Controls teams, we are ideally positioned to review and validate your company's processes related to the AIFMD reporting and provide assurance beyond the financial audit.
- By utilising reporting standards (i.e. ISAE 3000, agreed upon procedures and customised attestations) we can provide tailored solutions under the Third Party Assurance umbrella.
- Our services enable you demonstrating to your clients that your systems, processes and reporting tools are operating effectively and within a well-controlled environment.

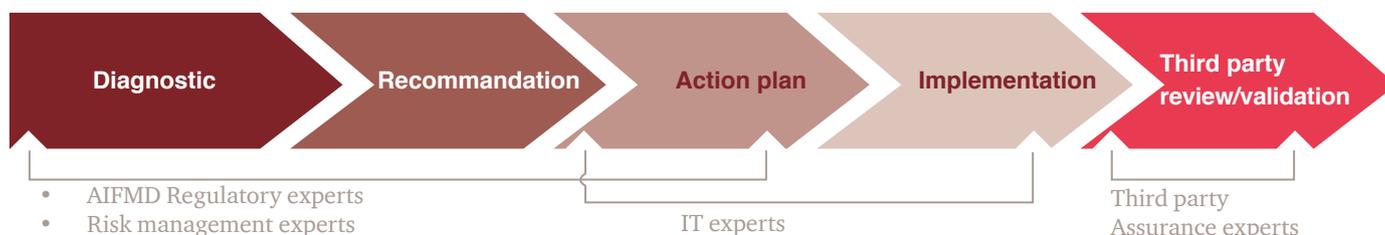
Our team

PwC brings together the skills of a multidisciplinary team specialising in regulatory reporting, compliance and risk management for the AIFM industry.

Our team is ready to assist you in identifying, assessing and implementing the reporting obligations imposed by AIFMD. Our experts take

part in discussion groups to bring you expertise on the latest updates on AIFMD and on the investment fund industry.

In that context, PwC also relies on its IT consultants to provide you with the necessary resources to meet the operational challenges of regulatory reporting.



Why PwC Luxembourg?

PwC Luxembourg (www.pwc.lu) is the largest professional services firm in Luxembourg with 2,300 people employed from 57 different countries. It provides audit, tax and advisory services including management consulting, transaction, financing and regulatory advice to a wide variety of clients from local and middle market entrepreneurs to large multinational companies operating from Luxembourg and the Greater Region. It helps its clients create the value they are looking for by giving comfort to the capital markets and providing advice through an industry focused approach.

The global PwC network is the largest provider of professional services in audit, tax and advisory. We're a network of independent firms in 158 countries and employ more than 180,000 people. Tell us what matters to you and find out more by visiting us at www.pwc.com and www.pwc.lu.



Your Contacts:

Marie-Elisa Roussel, Partner, AIFMD Leader	+352 49 48 48 2552	marie-elisa.roussel-alenda@lu.pwc.com
Olivier Carré, Partner, Regulatory Advisory Services	+352 49 48 48 2615	olivier.carre@lu.pwc.com
François Génaux, Partner, Advisory Market and Financial Services Leader	+352 49 48 48 2509	francois.genaux@lu.pwc.com
José-Benjamin Longrée, Partner, Global Fund Distribution Leader	+352 49 48 48 2571	jose-benjamin.longree@lu.pwc.com
Benjamin Gauthier, Director, Governance Risk & Controls	+352 49 49 48 4137	b.gauthier@lu.pwc.com