AIFMD Reporting Set – Development in the short time-to-market

The timeline for the implementation of the Alternative Investment Fund Managers Directive (AIFMD) has highlighted the obstacles facing not only financial service providers, but also their software suppliers. Thanks to the flexible reporting engine of XENTIS and the know-how of Profidata's reporting team, legal requirements that are constantly being changed by the regulatory authorities can also be implemented within a short time frame.

LEGAL FRAMEWORK

Directive 2011/61/EU of the European Parliament and European Council of 8 June 2011 stipulates requirements for the authorisation and supervision of managers of alternative investment funds (AIFs). Since August 2015, AIF management companies (AIFMs) have had to report regularly to the Federal Financial Supervisory Authority (BaFin) on the liquidity, risk profile and concentration of their AIF. BaFin then forwards the data to the European Securities and Markets Authority (ESMA).

Article 24 of the AIFM Directive lays down the content and formal requirements governing the information that capital management companies (KVGs) must provide to BaFin. The associated Level 2 regulations, which among other things also specify the form used for reporting, provide further details. The European Securities and Markets Authority (ESMA) supervises the factual and timely introduction of the monitoring processes and oversees the market participants concerned.

TIMELINE FOR THE DIRECTIVE'S IMPLEMENTATION

The implementation of a new regulatory requirement usually requires tackling the subject early on, but also demands an iterative adaptation of the solution as its details are progressively clarified by the regulator and supervisory authorities. In the area of AIF transparency, the first steps were taken with the publication by ESMA of the "Technical Advice" in November 2012 and the "Consultation Paper" in May 2013. At that time, the first reporting date was set at 1 January 2014, but this was later postponed to 31 March 2014. The originally planned standard reporting form proved to be impractical and was supplemented by ESMA with a "Consolidated AIFMD Reporting Template" and an XML template for the standardised submission of AIFMD reports to the national supervisory authorities. ESMA published the "Final Report Guidelines on Reporting Obligations" in November 2013, which further specify the data scope for AIFMD reporting. The Guidelines were revised in December 2013 and March 2014.

AIFMD-REPORT

The AIFMD reporting module is being continuously updated while complying with restrictive criteria and short lead-in times. The architecture of XENTIS and the system-integrated FINancial Analysis Language (FINAL) offer an advantage here, as they not only allow rapid expansion of data fields but also simple modification of the output format. As usual with regulatory standard reports, the configurable structures of XENTIS are used for AIFMD reporting. In addition to the extensible field types and tables, there are also adjustable GUIs for report generation, additional data and key figures, as well as a separate Business Rule (BR) set.

At the reporting level of AIF managers (AIFMs), this makes it possible to provide the required information on key markets and instruments (**Fig. 1**), while at the AIF reporting

level information can be given on key markets and instruments, as well as on major risks and concentrations, potential market, liquidity, operational and other risks, and key asset classes.

Profidata's AIFMD Reporting Set not only offers the possibility of creating the necessary XML files to forward to BaFin, but also provides other supplementary functions that make it easy to monitor data quality and integrity in the file creation process (**Fig. 2**):
· A processing log documents the creation process and flags up problems such as missing master data
· Traceability lists in Excel deliver individual records per position and thus allow plausibility checks on aggregated data, for example
· The BVI template for data exchange for fund transfers can be created at the push of a button
· Supplied BVI templates are imported into XENTIS and incorporated automatically in the creation process of the report
· Performance, funds flow and turnover values can be calculated upstream, then checked and stored in XENTIS for additional applications

Profidata's AIFMD Reporting Set can be launched manually or automatically through integration in the XENTIS Job Manager and stored in the desired destination folder via the XENTIS communication server.

CONCLUSION

AIFMD once again clearly illustrates that Profidata is able to model regulatory requirements in XENTIS in the shortest time-to-market. This requires a highly skilled reporting team that maintains close contact with the supervisory authorities and associations, constantly analyses the legal guidelines and discusses the specialist and technical implementation in the system with the customers concerned. However, it is only possible to respond quickly to regulatory changes because the structural modules of XENTIS allow appropriate parametrisation, so there is no need for new developments as a rule.

Reconciliation List: Consolidated AIFMD Reporting Template XENTIS

Fund ID	Form / Number	Description		Value
	AIFM	AIFM Reporting file AIFM		
	AIFM-1	AIFM - Item 1: Principal markets in which it trades on behalf of the AIFs it manages		
	AIFM-1-01-1	Ranking (AIFM principal markets)		1
	AIFM-1-02-1	Code type of principal market in which AIFM trades		OTC
	AIFM-1-03-1	MIC code of principal market in which AIFM trades		
	AIFM-1-04-1	AUM amount of principal market in which AIFM trades		775'359'537.00
	AIFM-2	AIFM - Item 2: Principal instruments in which it trades on behalf of the AIFs it manages		
	AIFM-2-01-3	Ranking (AIFM principal instruments)		3
	AIFM-2-02-3	Asset sub type code of principal instruments		DER_FID_FIX
	AIFM-2-03-3	AUM amount of principal instruments		567'123'123.00
K546788	AIF	AIF specific information to be provided to competent authorities (Article 24(1) of Directive 2011/61/EU)		

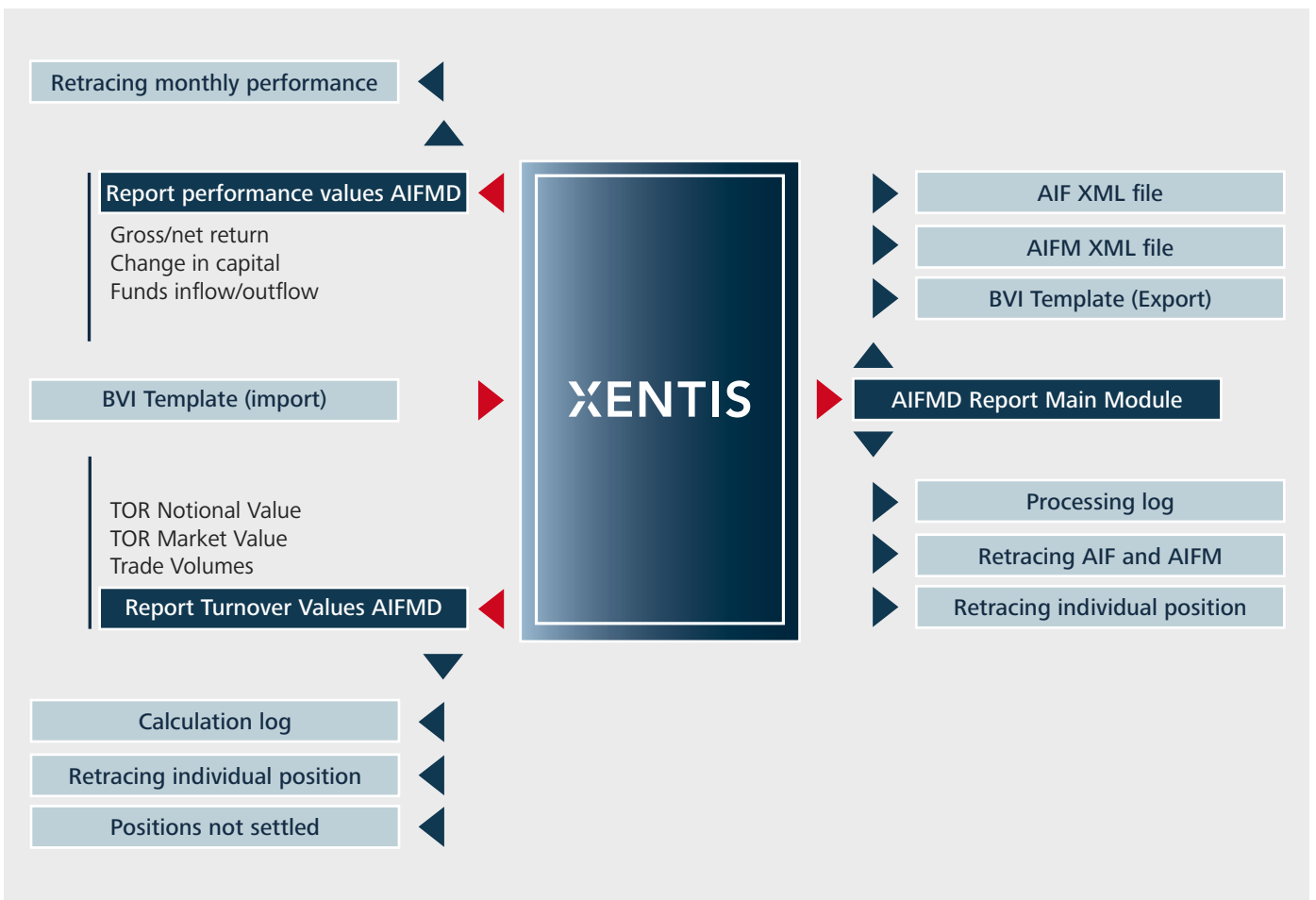**Fig. 1**: Extract from traceability list: Consolidated AIFMD Reporting Template

AIFMD Reporting Set

Fig. 2: AIFMD Reporting Set