

## Chapter 3

# Requirements for alternative investment fund managers

## 3.3 Annual report of an AIF

### Application

**3.3.1** **R** This section applies to a *full-scope UK AIFM* of:

- (1) a *UK AIF*;
- (2) an *EEA AIF*; and
- (3) a *non-EEA AIF marketed* in the *UK*.

### Provision of an annual report

**3.3.2** **R** An *AIFM* must, for each *UK AIF* and *EEA AIF* it manages and for each *AIF* it markets in the *UK*:

- (1) make an annual report available to investors for each financial year;
- (2) provide the annual report to investors on request; and
- (3) make the annual report available to the *FCA* and, in the case of an *EEA AIF*, to the *competent authority* of that *AIF*.

[**Note:** article 22(1) first paragraph and article 24(3)(a) of *AIFMD*]

**3.3.3** **R** Subject to **■ FUND 3.3.4R** (2) and **■ FUND 3.3.4AR**, an *AIFM* must make the annual report available, in line with **■ FUND 3.3.2R** (1), no later than six months after the end of the financial year.

[**Note:** article 22(1) first paragraph of *AIFMD*]

**3.3.4** **R**

- (1) Where the *AIF* is required to make an annual financial report public under **■ DTR 4.1.3 R** (Publication of annual financial reports) or an equivalent provision implementing article 4.1 of the Transparency Directive in the *Home State* of the *AIF*, only information referred to in **■ FUND 3.3.5 R** that is additional to the annual financial report needs to be provided to investors on request, either separately or as an additional part of the annual financial report.
- (2) Where additional information in (1) is provided as an addition to the annual financial report, that report must be made public no later than four months following the end of the financial year, under **■ DTR 4.1.3 R** (Publication of annual financial reports) or an equivalent

provision implementing article 4.1 of the Transparency Directive in the *Home State* of the *AIF*.

[**Note:** second paragraph, article 22(1) of *AIFMD*]

**3.3.4A** **R** ■ **FUND 3.3.3R** does not apply to a *full-scope UK AIFM* of a *non-UCITS retail scheme*.

**3.3.4B** **G** A *full-scope UK AIFM* of a *non-UCITS retail scheme* is required to make available and publish its annual report within four *months* after the end of each *annual accounting period* (see ■ **COLL 4.5.14R** (Publication and availability of annual and half-yearly long report)).

**Contents of the annual report**

**3.3.5** **R** The annual report must contain:

- (1) a balance sheet or a statement of assets and liabilities;
- (2) an income and expenditure account for the financial year;
- (3) a report on the activities of the financial year;
- (4) any material changes in the information required to be made available to investors under ■ **FUND 3.2.2 R** (Prior disclosure of information to investors) during the financial year covered by the report;
- (5) (a) the total amount of *remuneration* paid by the *AIFM* to its staff for the financial year, split into fixed and variable remuneration, including, where relevant, any *carried interest* paid by the *AIF*; and  
 (b) the number of beneficiaries; and
- (6) the aggregate amount of *remuneration* broken down by senior management and members of staff of the *AIFM* whose actions have a material impact on the risk profile of the *AIF*.

[**Note:** article 22(2) of *AIFMD*]

**3.3.5A** **G** The *FCA* has provided additional *guidance* on the disclosure requirements relating to *remuneration* paid by an *AIFM* to its staff. The *guidance* can be found at: [ <http://www.fca.org.uk/your-fca/documents/finalised-guidance/fg14-02> ]

**Accounting information in the annual report**

**3.3.6** **R** The accounting information given in the annual report must be:

- (1) prepared in accordance with the accounting standards of the *Home State* of the *AIF* (or, for a *non-EEA AIF*, the accounting standards of the third country where it is *established*) and with the accounting rules set out in the *AIF's instrument constituting the fund*; and

- (2) audited by one or more persons empowered by law to audit accounts under the Audit Directive (or for a *non-EEA AIF*, under international auditing standards in force in the country where the *non-EEA AIF* is established).

[Note: article 22(3) of *AIFMD*]

**3.3.7** R The auditor's report, including any qualifications, must be reproduced in full in the annual report.

[Note: second paragraph article 22(3) of *AIFMD*]

**Timing of first annual report**

**3.3.7A** R An *AIFM* must comply with the provisions in this section in relation to the first financial year end date of the *AIF* following the *AIFM*'s authorisation as an *AIFM*.

**Information to be included in annual reports on securities financing transactions and total return swaps**

**3.3.7B** G

- (1) The *Securities Financing Transactions Regulation* sets out the additional information which a *full-scope UK AIFM* of an *AIF* must include in the *AIF*'s annual report.
- (2) ■ COLL 4.5.8ABEU and ■ COLL 4.5.8ACEU copy out the relevant provisions of that regulation.
- (3) A *full-scope UK AIFM* of an *AIF* that has not used *securities financing transactions* or *total return swaps* during the relevant period is not required to include the information in ■ COLL 4.5.8ACEU in the *AIF*'s annual report.

**Subordinate measures**

**3.3.8** G Articles 103 to 107 of the *AIFMD level 2 regulation* provide detailed rules supplementing this section.