THE INVESTMENT ASSOCIATION

Response to consultation

CP26/26: FUND REPORTING FOR ASSET MANAGEMENT ENTITIES (FRAME)

About the Investment Association

The IA champions UK investment management, supporting British savers, investors and businesses. Our 250 members manage £11.1 trillion of assets.

Our mission is to make investment better. Better for clients, so they achieve their financial goals. Better for companies, so they get the capital they need to grow. And better for the economy, so everyone prospers.

Our purpose is to ensure investment managers are in the best possible position to:

- Build people's resilience to financial adversity
- Help people achieve their financial aspirations
- Enable people to maintain a decent standard of living as they grow older
- Contribute to economic growth through the efficient allocation of capital.

The money our members manage is in a wide variety of investment vehicles, including authorised investment funds, pension funds and stocks and shares ISAs.

The UK is the second largest investment management centre in the world after the US, and manages £5.9 trillion in overseas client AUM.

We consent to the publication of our name as a respondent.

Executive summary

Key messages

- We support the objectives of FRAME. It is a more intuitive framework than the returns it replaces, and we welcome the decommissioning of legacy returns and the commitment to voluntary industry testing.
- A 2028 go-live is too soon. We ask for a minimum of two years from final rules, with implementation no earlier than 2029, coordinated with a CCI post-implementation review and the ESMA reporting reforms.
- Testing of the system is important to ensure that firms are able to gather and report data within the given period. An October 2026 commencement of testing is too soon, given that the FCA will need to review consultation responses and make appropriate amendments to the framework.

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- Simplicity and proportionality are essential, but NAV-based approaches make assumptions about risk and the £500m NAV threshold for Enhanced Reporting is set too low. This should be recalibrated and other tools such as filtering could help to capture the wider range of risks and hence data needed.
- The challenge with a threshold-based approach is that many firms will feel obliged to build Enhanced Reporting capability across all funds regardless, as the time permitted when a fund reaches the threshold is too short for a system upgrade. This erodes the intended proportionality benefit and incurs extra cost.
- Some firms will need to maintain equivalent capability for EU funds under Annex IV and AIFMD 2, which is also currently under review. UK reporting should remain consistent with EU reporting to prevent the need for extra resource and cost for these firms running dual systems.
- The rationale, intended use and scope of the new segregated mandate reporting need to be explained further, and duplication with fund-level reporting avoided.
- Greater transparency is needed on what is expected in each data field, together with clear rules on incomplete data, materiality for resubmission, and the removal of optional fields.
- Duplication with existing PRA Solvency II look-through reporting, and the interaction with SWES, should be addressed so that FRAME is future-proofed.
- The FCA should engage directly with the third-party providers on whom many firms rely and reflect their role in the cost benefit analysis.

Overall objectives and approach

The IA welcomes the opportunity to respond to CP26/26. We support the FCA's objectives of streamlining and simplifying fund reporting, calibrating requirements to risk and moving towards greater international alignment. FRAME is a more intuitive framework than the returns it would replace: the concepts flow logically from one stage to the next and, for those completing the returns, it should be more straightforward than the existing regime. We also welcome the decommissioning of certain legacy returns and the FCA's commitment to voluntary industry testing ahead of implementation.

However, the changes may actually lead to an increase in reporting for a number of firms and we would appreciate more clarity from the FCA on the reason for the extra data and how it will be used on a practical level.

Our response focuses on the technical and operational challenges the proposals raise. In summary, we ask the FCA to: reconsider the threshold for determining whether a fund is subject to Essential or Enhanced Reporting; explain more fully the rationale for and intended use of the new segregated mandate reporting; recognise that the projected cost savings will not be realised by firms that must maintain equivalent capability for EU funds; work directly with the third-party providers on whom many firms rely; and sequence implementation so that it is coordinated with other reforms.

In particular we ask the FCA to seriously consider the timeline for testing and implementing the new framework. We and our members are keen to assist with testing to ensure that the system is workable for firms and we consider an October 2026 start date to be too soon. With the response date for this consultation moving to 22 October, it would be beneficial for the FCA to consider responses and make the necessary amendments to the framework before commencing testing. Testing could therefore take place during the transitional period, to refine the data set and ensure that it is fit for the FCA's purposes whilst being proportionate for firms.

Scope and proportionality *(Relevant questions: 1, 5, 6, 13 and 30)*

Reporting threshold and risk calibration

The proposed risk-based calibration of reporting obligations is sensible in principle, and we support the FCA's aims of simplicity and proportionality. In practice, however, tiering introduces a further layer of complexity that firms will need to manage on an ongoing basis.

Although we appreciate the need to draw a line between Essential and Enhanced Reporting, the use of NAV to draw that distinction may fail to take account of the fact that fund size alone does not capture the full range of risks. Further filtering could be applied to better reflect the range of risks presented by funds and thus to determine the amount of data requested in a wider range of cases, rather than the simple value threshold proposed to distinguish between Essential and Enhanced Reporting - e.g. the strategy and instruments employed, use of derivatives or leverage or a highly concentrated investor base. Our response to Question 1 proposes some alternative filters that could help further tailor fund reporting obligations.

We ask the FCA to give reasoning for the selection of and further consideration to the operational implications of the £500m NAV threshold for Enhanced Reporting and whether it is intended to capture specific risks the FCA has identified, or simply to achieve a target level of market coverage. If the risk the FCA is seeking to address is a major market shock or systemic risk, £500m is not a large fund and the threshold may be set too low; managers will also expect most funds to grow beyond it over time. As drafted, a significant number of firms would be affected, and we question whether the threshold provides meaningful relief in practice. We suggest that £750m, which equates with the proposed threshold between a small and medium-tier AIFM be applied.

We would also welcome confirmation that the threshold applies at sub-fund rather than share class level. From paragraph 19 of the Cost Benefit Analysis, we understand that the impact of the proposals was modelled on this sub-fund approach, but it would be helpful for the operative rules in SUP 16.36 to confirm this expressly to put the matter beyond doubt.

Tier transition and operational proportionality

Limiting the majority of funds to Essential Reporting is welcome in principle and should be easier to manage. However, firms managing growing funds will need monitoring frameworks and reporting infrastructure capable of supporting Enhanced Reporting regardless of whether individual funds currently exceed the threshold. We would be surprised if firms did not build the data capability across all of their funds, which erodes the intended proportionality benefit. Movement between Essential and Enhanced Reporting is a further source of complexity, particularly for funds that fluctuate around the threshold.

We question whether the 180-day period for moving to Enhanced Reporting for authorised AIFs and hedge funds allows sufficient time for the additional build, given that the underlying data must be collected from day one of the period. The current drafting of the rule in SUP 16.36.22R(1) is ambiguous, as it refers to the change from Essential Reporting to Enhanced Reporting applying 'two quarters after this change in NAV' for funds that report quarterly. It is unclear whether this is intended to mean that the manager benefits only from one quarter of Essential Reporting and then must submit Enhanced Reporting on the last day of the second quarter, or whether there are two quarters of Essential Reporting and the manager submits Enhanced Reporting for the third quarter thereafter. We assume it is intended to be the latter interpretation, but it would be helpful for the FCA to clarify this in the drafting of the rule or in an associated guidance provision giving an illustrated practical example.

We also welcome the proposed ability to opt up, although it is not yet clear how widely firms would use it.

Fund classification and reporting scope

Under FRAME, AIFs would report on the same basis as UK UCITS, including holdings, thereby equalising requirements and enabling the decommissioning of certain legacy returns. This is a significant change for UCITS managers in particular, for whom holdings reporting is largely new.

The FCA should explain the additional supervisory insight that this level of granular reporting is expected to provide for UK UCITS. UCITS are already subject to detailed requirements governing eligible assets, diversification, concentration, borrowing, derivatives, leverage and liquidity. For plain-vanilla UCITS operating within those restrictions, it is not clear that the proposed level of holdings, exposure and sensitivity reporting is proportionate to the risks presented. The FCA should identify the specific supervisory gaps that the additional data is intended to address and consider lighter reporting for funds presenting lower levels of complexity or systemic risk.

A number of the questions are UCITS-focused and members have highlighted that it will be more difficult to respond in a meaningful way for non-UCITS. In particular, the VaR metrics are geared to a UCITS.

We would welcome further clarity and discussion on a number of scope and definitional points: the proposed definition of a hedge fund, which relies heavily on the use of leverage and performance fees and risks omitting funds that operate as hedge funds but no longer charge performance fees or bringing illiquid private market or fund-of funds into scope; the definition of efficient portfolio management (EPM); and how the requirements will work in practice for funds marketed under the national private placement regime (NPPR).

In general, it would be helpful for the template to highlight which fund types each question relates to and that funds that could fall into more than one category, e.g. a private market loan origination fund only report as one fund type.

We would also like the FCA to clarify whether it is intended that funds could fall within more than one fund type for the purposes of the FRAME obligations. In SUP 16 Annex 62.2R, the FCA has provided some partial technical definitions for the purposes of the FRAME reporting obligations (although those definitions do not appear to be applied in connection with the fund type notification obligations in SUP 15 Annex 15.5R(10), SUP 15 Annex 16.29R or SUP 15 Annex 16.50R, which may also raise the possibility of mismatches between initial notifications and ongoing FRAME reporting as regards fund type classifications).

In the technical definitions of fund types that have been provided, the FCA has defined a 'loan origination fund' and a 'private market fund'. In addition, the concept of a 'hedge fund' is defined across the FCA's rules via a new entry in the FCA Glossary. Other types of funds referenced in the FRAME reporting templates or in certain of its data fields (for example, a private equity fund or a private credit fund) are not defined. In the absence of further clarity being provided in the FRAME rules or guidance, it appears that firms will need to form their own judgements as to whether their funds fall into one of these other fund types, and whether it is possible that they may fall into multiple types simultaneously.

In addition, where a fund type has been defined, the technical definitions that have been provided raise potential issues around clarity and how the definition should operate in practice. A 'loan origination fund' is defined as *any* fund, including an authorised fund, that has an investment strategy mainly based on the use of originated loans, or that has originated loans with a national value representing at least 50% of the fund's NAV. It would therefore be helpful if the FCA could confirm whether it intends the concept of a loan origination fund to be a specific sub-set of credit funds or whether a fund that pursues a different investment strategy but predominantly structures its investments by way of originated loans could simultaneously be a loan origination fund and another fund type for these purposes. In addition, it would be helpful if the FCA could confirm when the quantitative test in the loan origination definition (i.e. that the fund has originated loans with a notional value representing at least 50% of the fund's NAV) applies – i.e. is this assessed only when a fund's capital has been fully deployed or its investment strategy fully implemented, or could a fund transition between being a loan originating fund or not as the relative proportion of its investments changes over its investment lifecycle (e.g. during an investment ramp-up period).

The concept of a 'private market fund' is defined as a fund that is a loan origination fund or fund that 'predominantly invests in infrastructure, real estate, private equity or private credit'. It is unclear what is meant by 'predominantly' and whether firms should simply use their own reasonable judgement to classify a fund according to this definition. In addition, we assume that the references to investing in infrastructure, real estate etc. can include direct and indirect investments, and that firms should therefore form a sensible view on how a fund might fall within the relevant fund type (e.g. a fund that invests predominantly in REITs should be classified as a real estate fund).

We have already commented on the definition of a 'hedge fund' above and also in further detail in our response to Question 2 below.

Data requirements, quality and duplication *(Relevant questions 5, 6, 13, 14, 28 and 29)*

Holdings reporting involves a very substantial volume of underlying data, much of which is sourced from third parties, including transfer agents and other outsourced administrators. Obtaining, sanitising and collating that data is a significant undertaking in its own right. Against that background, members have raised the following points:

- Greater transparency is needed on what the FCA expects in individual fields and why. This would materially improve consistency of submissions across the industry.
- The consequences of incomplete data should be clarified. If a single field is unavailable – a credit rating, for example – it should not invalidate an entire submission.
- Firms need a clear materiality standard for resubmission, for example where a NAV has not been finalised at the point of reporting.
- Optional fields should be removed: fields should be either mandatory or omitted altogether.
- The FCA should confirm whether the concept of reporting on the basis of assumptions, which is available for EU AIFMD reporting, will be retained for non-AIFM data.
- It would be appreciated if the FCA could make it clear how they will be validating data, firms can then put the same data checks in place, resulting in better quality data.
- The field on asset ownership is duplicative; firms already inform the FCA at the point where they buy an asset for asset-stripping purposes.
- It would be clearer if the FCA appended the reporting templates to its rules, so that the published template in the rules specifies the required data fields. Currently, the FCA's drafting in SUP 16 attempts to describe data fields in a narrative way, but this has resulted in a lack of clarity about the actual data required and in some cases this does not appear to be entirely consistent with the published draft templates. To avoid this mismatch, it would be preferable for the FCA to adopt its normal approach of appending the templates (with a separate set of guidance notes for any fields where additional guidance is required). This would also make the reporting requirements visible to all stakeholders, including those who are not directly subject to the reporting obligations (e.g. professional advisers, auditors etc.) and may not therefore be directly accessing the FCA's reporting systems.
- Detailed guidance, with clear examples would be useful for firms.

There is also an opportunity to reduce duplication across regulatory reporting, with firms reporting once and regulators using the data for a number of purposes. Some firms already submit very large volumes of look-through data under Solvency II to the PRA, running to well over 100 fields across a wide range of funds. Requiring similar data again, in a different form and on a different basis, does not appear joined up, and we would encourage the FCA and the PRA to consider how existing data can be leveraged and formats kept as consistent as possible. This would be in line with the work currently being undertaken in the EU to reform regulatory reporting under the principle of 'report once, use many times'. Similarly, we would encourage the FCA to consider how FRAME interacts with the System-Wide Exploratory Scenario (SWES) and whether data gathered within the framework can be used for future initiatives. We recognise that ad hoc data requests cannot be eliminated entirely, but in most cases the information requested is likely to be the same information already supplied, and FRAME should reduce the need for them.

For such event-based reporting, the FCA should ensure supervisory attention is directed toward significant events and information required to be provided is of value to the FCA. We suggest that the filing timelines be extended to 5 business days and that the proposed loss threshold be increased from 10% to 20%. It may be possible for there to be overlapping periods of decline in a sharply declining market, as the rule is technically triggered at any point at which the NAV of a hedge fund falls by 10% (or 20%) or more in a consecutive 10-day period. We ask for clarification that each 10-day period only begins after a previous 10-day period has ended, to prevent rolling overlap. We are not convinced that the requirement to provide internal risk reports and investor communications as part of event-based reporting will achieve the FCA's aims, due to the different ways in which firms will present such information. Instead, the FCA should require

firms to provide standardised quantitative information describing the event. This could improve reporting quality while reducing reactive reporting driven by normal market volatility.

Segregated mandate reporting *(Relevant questions 6 and 7)*

This type of reporting for segregated mandates is new and considerably more expansive than anything currently required. We are not persuaded that all affected firms are aware of it, particularly firms that are not ManCos – for example, MiFID investment firms – and we would encourage the FCA to signal the change clearly. The FCA should also provide further information on the rationale, intended use and potential overlap of any other reporting frameworks. Many firms do not currently provide equivalent reporting and will need to develop entirely new reporting processes, controls and data sourcing arrangements. It is not clear what the FCA is seeking to capture, what risk it is seeking to mitigate, or how the data will be used; nor is it clear how duplication will be avoided – for example, where an investment manager reports on a segregated portfolio whose client is itself a UK fund. For larger firms bringing together UCITS, other CIS and MiFID reporting, it is far from clear that the proposals will reduce costs.

The FCA's proposals for reporting by segregated managers and advisers introduce additional complexity and the FCA's exact policy objectives in introducing the reporting are unclear. The new Glossary definition of a 'segregated portfolio manager or adviser' essentially captures firms providing either investment advice or portfolio management services to a UCITS fund or UCITS manager (whether in the UK or EU), an AIF or AIFM, a residual CIS or its operator, an overseas recognised scheme or its operator, the operator or trustee of various types of pension schemes, or an insurer in relation to certain insurance-linked funds or investment portfolios or assets invested for the insurer's own account. As the definition refers to a firm that *is* advising or managing the relevant types of entities, we assume that the intention is to catch ongoing discretionary or non-discretionary (i.e. advisory) portfolio management activities which remain in place at the relevant reporting date, rather than to catch a firm which might have provided discrete or isolated instances of advice to one of the relevant clients at some point during the period. We would be grateful if the FCA could confirm that this is the intended interpretation.

For segregated portfolio managers, we understand that the FCA intends that a broad breakdown of the AUM attributable to the firm's discretionary portfolio management activities should be reported in fields PMA001 to PMA003, attributed separately to derivatives positions, gross long and short positions in other investments, and funds under management for funds managed by a non-UK fund manager that are not marketed in the UK (and therefore are not reported separately under FRAME).

However, fields MNG001 to MNG008 then require AUM attributable to different client types to be reported, split into UK and non-UK clients. That data must *exclude* AUM attributable to UK or EEA UCITS funds, AIFs or residual CISs or other recognised overseas schemes, but is otherwise intended to be consistent with information reported under FSA038. We assume for these purposes that this classification is to be undertaken on the basis of the portfolio manager's direct (regulatory) client(s), rather than involving any element of look-through, although it would be helpful if the FCA could expressly confirm that approach.

Where the firm is providing non-discretionary portfolio management through an advisory arrangement, it is required to provide a breakdown of the value of assets advised between different client types in fields ADV001 to ADV012, which include a range of fund types. In that context, we understand that there is no exclusion of assets under advice attributable to fund managers which themselves report under FRAME (unlike for discretionary portfolio managers above).

The proposed approach to reporting for segregated portfolio managers and advisers therefore requires a relatively complex manipulation of data depending on the activity being undertaken and the client type. The suggested approach would also result in collective portfolio management investment firms (i.e. UK AIFMs or UCITS management companies which, in each case, have MiFID top-up permissions) being required to submit two sets of FRAME reports. It is unclear why the existing data reported by a portfolio manager in FSA038 would not be sufficient for the FCA to understand the broad scale of a segregated portfolio manager's activities. If the FCA wanted additional information on a specific firm, it could then follow up with ad hoc data requests, where appropriate. It would appear that the FCA is content to rely on FSA038 data if

the portfolio manager or adviser concerned is *not* advising a fund manager, pension scheme or insurer (as it would then fall outside the Glossary definition of a "segregated portfolio manager or adviser"). It is therefore unclear why, from a policy perspective, the FCA considers it needs more granular data on the breakdown of the portfolio manager or adviser's activities simply because part of its business may involve advising or managing for one of those entity types.

Residual collective investment schemes *(Relevant question 27)*

We welcome the FCA's statement at paragraph 1.16 that operators of certain types of collective investment scheme (CIS) that do not currently report would be required to submit only a short annual report on the size, type and number of schemes, and we consider the draft form published alongside FRAME (referred to at paragraph 7.18) to be appropriate and proportionate.

In relation to paragraphs 7.17 and 7.18 ("Non-AIF/Residual Collective Investment Schemes"), we note that operators of some schemes that are neither UK UCITS nor AIFs will be required to submit the short annual report, by reference to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 and the FCA's perimeter guidance (https://handbook.fca.org.uk/handbook/perg11). We would welcome further discussion of whether those schemes include arrangements falling within the definition of a collective investment vehicle (CIV) in Schedule 5AAA to TCGA 1992, given FRAME's jurisdictional scope. Members are aware of schemes within that definition operating as Guernsey, Jersey or Isle of Man property unit trusts, and HMRC has confirmed that transparent-for-income entities such as property unit trusts qualify as offshore collective investment schemes where they meet the definition in section 235 FSMA 2000.

There is £87bn held in Guernsey, Jersey and Isle of Man property unit trusts[1] and taking standard institutional allocation assumptions for fund structured holdings and UK pension participation, the estimated AUM of offshore property unit trusts with:

- LGPS investors is c£30 – 45bn; and
- LGPS and other UK pension scheme investors is c£45 - 65bn.

We note that the drafting of the reporting obligation in SUP16.36.1R applies to a 'residual CIS operator' as defined. Under the Glossary definition, this would catch such firms to the extent that they are relying on a permission to carry on the regulated activity of establishing/operating/winding up a [residual] collective investment scheme. This raises the issue that *if* the purpose of FRAME residual CIS reporting is to identify the types and extent of residual CISs in existence, many AIFMs or UCITS managers will manage residual CISs under an AF or UCITS management permission because of the Article 72AA RAO exemption, which states that other regulated activities carried on in connection with or the purposes of AIF/UCITS management do not require a separate permission. Where the manager is relying on the Article 72AA RAO exemption, it is not a 'residual CIS operator' as defined in the Glossary, as it is not using the separate residual CIS permission. The types of residual CISs listed in the residual CIS operator FRAME report include certain vehicles which are commonly treated as covered by the Article 72AA exemption in many contexts (e.g. carried interest vehicles). This means that FRAME residual CIS reporting may under-report the existence of some of these types of residual CIS in practice.

Fund authorisations and registrations *(Relevant questions 32, 33, 34 and 35)*

Firms would welcome assurance that the move to the Gateway will not affect approval, review and processing timelines compared with the existing email-based process. Any slowdown, even temporary, would be far from ideal.

The FCA should ensure that moving applications to the Gateway does not inadvertently increase administrative burden or lengthen authorisation timelines during the transition. Lessons from the Overseas Funds Regime (OFR) would be helpful here, for example:

[1] Search Acumen 2025 Overseas Entities Register

- signalling the changes and timescales directly to each firm's named representative, as the FCA did ahead of the OFR;
- confirming that submission rights can be delegated to third parties within the Gateway. Firms commonly delegate this activity, either to a service provider or to a law firm; and
- providing a bulk upload facility. The OFR process was extremely manual, with applications uploaded individually; while volumes here are expected to be lower, bulk upload would still be valuable.

It would be beneficial to reduce some of the overlap between periodic FRAME reporting obligations in SUP 16 Annexes 63 and 64 on the one hand, and the initial and event-driven notification obligations in SUP 15 Annexes 15 and 16 for new funds under management and material change notifications. For example, SUP 15 Annex 15.4 to 15.5 requires a NUFM notification to include (among other items) the name, FRN, LEI and fund type. The same information is required in periodic FRAME reports under SUP 16 Annex 63.2R. Since this data is likely to be static, it is unclear why the FCA considers that this needs to be reported periodically – to the extent that the data needs to be repeated, rather than pre-populated by the FCA for the relevant fund, which would prevent data entry errors that might arise in relation to these data fields.

We will assess these proposals fully when the roadmap is published.

Cost and timing *(Relevant question 31 and CBA questions 1 to 3)*

Members recall the introduction of the AIFMD reporting regime in 2014/15 as a very substantial undertaking and reframing that infrastructure will be difficult. The initial project to amend reporting systems will be resource-intensive and costly, and members have observed that it represents a considerable amount of change for limited commercial benefit. For many funds the proposals will not generate savings at all: they will require firms to do something they do not do today, and in some cases a complete rebuild.

The cost assumptions require revisiting. Reform of the EU AIFMD reporting regime (Annex IV, and what is expected in due course under AIFMD 2) means that most managers of EU funds will need to retain their existing data and reporting capability in any event. That is not within the FCA's control, but it does mean that the projected cost savings will not translate for a large part of the industry.

A number of firms appoint external providers to carry out their reporting, and for them this will be an even larger exercise, involving sourcing the right data and transmitting it to a third party. These providers cannot begin meaningful work until the scheme and validation rules are final and stable and will need to work with clients to agree how the data is to be sourced and presented on an individual basis. We would encourage the FCA to be alert to this and to engage directly with those providers, not only with AFMs and MiFID firms. The cost-benefit analysis should also reflect the role of third parties, including the extent to which they save smaller firms from building capability of their own.

We welcome the proposed voluntary testing regime, under which 50 to 100 firms would be invited to participate following the consultation, and we agree that practical feedback will help to refine the requirements and mitigate parallel reporting issues. We question, however, whether commencing testing in October 2026 is achievable, given that the FCA will need to review consultation responses and make appropriate amendments to the framework, and we would welcome confirmation of whether third party service providers can participate using firms' data on an anonymised basis. We would appreciate the commencement of testing during the transitional period to allow for a more meaningful analysis. This can be built on further, with the FCA holding workshops following the completion of testing to run firms through a reporting cycle. On implementation, a 2028 go-live is too soon. We consider that an absolute minimum of two years from final rules is required, and our preference is for implementation no earlier than 2029. The timetable must also take account of the other rule changes and consultations already underway. In particular, we ask that the CCI regime is fully embedded and subject to a post-implementation review before firms are required to begin work on FRAME. Additionally, the FCA should allow firms to report on a best-efforts basis in the first year of reporting.

Alignment with international regimes *(Relevant questions 2 and 31)*

We welcome the FCA's stated ambition of international alignment and its engagement with the SEC and ESMA on consistency of reporting standards and data exchange. We would, however, caution against deviating too far from current requirements: system changes are expensive, and operating dual reporting regimes for firms with both UK and EU funds, or UK funds marketed in the EU would be cumbersome and costly. The burden of obtaining additional data for EU funds will remain regardless, and successive IT developments should be avoided wherever possible. We encourage the FCA to introduce a framework that is compatible with EU systems, which could enable the leveraging of cost efficiencies across the industry and provide consistent data for sharing purposes.

The FCA should seek to align data definitions, XML schema, reporting frequencies and calculation methodologies with ESMA wherever possible.

Timing is central to this. ESMA's reporting consultation is expected in Q4, with technical standards to be finalised before April 2027, and ESMA is proposing monthly reporting across UCITS and AIFs, potentially more frequently depending on a firm's risk attribution. Current expectations are that the ESMA regime will go live in H1 2029 at the earliest, and we question whether the FCA needs to go live in advance of that. There are also disparities in frequency and templates, and differences in the treatment of AUM/NAV, leverage calculations and retail/professional disclosures, together with information that goes beyond what is required under CCI. We would welcome alignment of reporting formats, and we would encourage the FCA not to underestimate the impact on European managers. Members' views differ on whether it would be preferable to undertake the UK and EU transitions simultaneously or in succession: running them together would simplify data collection, but creates significant budgeting and resourcing pressure.

Finally, the FCA should take account of other European initiatives that may affect reporting or require system builds over the same period, including SFDR, the Retail Investment Strategy and value for money, digital PRIIPs KIDs and MISP.

RESPONSES TO INDIVIDUAL QUESTIONS

Question 1: Is our approach to proportionality appropriate and do the proposals for moving between tiers and opting up allow sufficient flexibility?

We note and agree with the FCA's intention that reporting obligations should be determined according to the scale of risk presented.

If size of the fund is to be the determining factor on the reporting threshold, we ask the FCA to reconsider the £500m NAV threshold for Enhanced Reporting: if the concern is a major market shock or systemic risk, £500m is not an especially large fund, and most managers expect their funds to grow beyond it over time. We suggest that £750m, which equates with the proposed threshold between a small and medium-tier AIFM be applied. We would welcome confirmation that the threshold applies at sub-fund rather than share class level. In practice, we would be surprised if firms did not build Enhanced Reporting capability across all of their funds, which erodes the intended proportionality benefit, and movement between tiers is a further source of complexity for funds that fluctuate around the threshold.

IA data shows that as of the end of June, of the 2,559 UK domiciled funds reporting data to us, fund sizes were as below.

Fund size	Fund count in range	Percentage
Below £400m	1726	67.45
£400m to £500m	129	5.04
£500m to £600m	88	3.44
£600m to £750m	100	3.91
Over £750m	516	20.16

This shows around 8.5% grouped around the £500m mark and over 27.5% over the £500m threshold. A rise in the threshold to £750m would still group over 20% of funds in the Enhanced Reporting regime.

We also question whether the 180-day period for funds reporting on a quarterly basis (i.e. authorised funds and hedge funds) allows sufficient time for the additional build, given that the underlying data must be collected from day one of that period.

The ability to opt up is welcome, although it is not yet clear how widely firms would use it.

However, a fund's risk is determined by a range of factors such as the type, size and activity of the fund. On that basis, the threshold of £500mn NAV as the single factor for determining whether a fund be subject to Essential or Enhanced reporting can be viewed as too simplistic.

Factors that could be considered include:

- Liquidity of assets within the portfolio;
- High-risk or complex investment strategies;
- Higher-risk asset classes or geographies;
- Material use of derivatives;
- Material use of leverage;
- A highly concentrated investor base.

As a result of applying some or all of these filters at outset of the reporting process, a wider but more tailored range of reporting would be undertaken, not necessarily confined to the binary Essential vs Enhanced model proposed. It would facilitate a lighter touch for plain vanilla mass market UCITS and NURS.

Overall, we consider this would achieve the more risk-based reporting that we understand the FCA is aiming for and we suggest that the FCA provide guidance that firms managing funds with complex features should consider opting up to Enhanced Reporting.

Alternatively, the AUM of a fund could be a better measure of risk than NAV, as this could better capture the risks of a strategy that e.g. makes a greater use of leverage.

Careful consideration is needed on funds that are close to the threshold. For example if a fund's NAV/AUM is occasionally over, but also under the threshold, is the Enhanced Reporting obligation triggered depending on the value at period end? A clear quantifiable test (e.g. if the NAV/AUM is over the threshold for over 50% of the reporting period or alternatively where it has been exceeded for four consecutive quarters) might be fairer and account for market volatility.

It would be useful if the FCA could provide more detail needed around how the transition will be managed where funds move above and below the threshold.

Question 2: Does our approach aligning frequency and lag to liquidity capture the risks sufficiently for different fund types and allow sufficient headroom for submission?

We ask the FCA for clarity on some of the terminology used for the categorisation of funds in relation to reporting lags. For example, 'hedge funds' have a shorter reporting lag of 45 days than other AIFs (60 days). The proposed definition of a hedge fund, which relies heavily on the use of leverage and performance fees and risks omitting funds that operate as hedge funds but no longer charge performance fees or bringing illiquid private market or fund-of funds investing in hedge funds into scope. We ask that these fund types are specifically carved out of the hedge funds definition.

Linking frequency and reporting lag to liquidity is a reasonable basis for calibration in principle. Quarterly reporting with a 60-day submission deadline is appropriate for hedge funds, while closed-ended and other less liquid private market funds should report annually with a 120-day submission deadline. These timelines would better accommodate the time needed to obtain, sanitise and collate underlying data from transfer agents and other third-party administrators.

Please see our response to Question 8 regarding the frequency of Net Asset Value reporting required within quarterly Enhanced reporting.

We would also encourage the FCA to have regard to the frequency proposed by ESMA, which is consulting on monthly reporting across UCITS and AIFs, potentially more frequently depending on a firm's risk attribution. Divergence in frequency and templates would require firms with both UK and EU funds to operate dual reporting arrangements, which would be cumbersome and costly.

Question 3: Do you agree with our approach of collecting more granular data on the use of leverage, rather than relying upon inaccurate, complex calculations?

Certain reporting fields under FRAME are applicable if the fund is considered to 'use leverage for investment purposes'. The drafting of the proposed rules (e.g. in SUP 16 Annex 63.2R(6)) appears to indicate that a fund will be considered to be use leverage for investment purposes if it uses leverage for purposes other than foreign exchange and interest rate hedging. For the purposes of FRAME, leverage' is defined in SUP 16 Annex 62.2R as 'any method by which an AIFM or operator of a fund increases the exposure of the fund it manages, whether through borrowing of cash or securities, or leverage embedded in derivative positions or by any other means'. Broadly speaking, this is the core part of the leverage definition from the current AIFMD regime, although it does not incorporate losses and qualifications to the AIFMD leverage definition which are currently included in the AIFMD Level 2 Regulation or recitals to the relevant legislation (e.g. in relation to temporary borrowing fully covered by undrawn commitments).

There are two key issues with the proposed drafting:

- The partial and unsatisfactory definition of 'leverage' for the purposes of FRAME is over-inclusive, as *any means* of increasing the exposure of the fund is technically caught (and technically speaking, merely accepting investor funds and investing them in assets increases the fund's exposure). Therefore, we consider that the FCA should revisit the definition of leverage (in conjunction with its broader work on the AIFMD proposals in CP26/28) to provide a clearer and more appropriate definition of leverage for these purposes.
- The concept of using leverage 'for investment purposes' seems excessively wide, as the only exclusion from that concept relates to FX or interest rate hedging. Therefore, other arrangements which might technically constitute leverage (such as temporary borrowing arrangements which are used for temporary liquidity purposes, rather than as part of a strategy to increase the fund's investment footprint) would seem to be caught and would trigger onerous additional reporting fields. In our view, to ensure that FRAME reporting is proportionate and responds to the risks that the FCA is seeking to capture, the concept of using leverage for investment purposes should be defined more narrowly so that it captures only situations where leverage arrangements are used to expand the scope of the fund's investments, rather than to manage temporary liquidity issues.

In addition, we consider that the level of information on the use of leverage required at the Enhanced level is far too granular even for most Enhanced funds.

Firstly, the majority of Enhanced funds are unlikely to be highly leveraged funds and the extent of the new reporting burdens creates a disproportionate burden on firms.

Secondly, this approach doesn't align with the IOSCO two-step process that was agreed several years ago by the regulatory community. This approach consists of the reporting of basic data on leverage and the FCA approaching firms for further, granular information where they consider that is warranted.

We encourage the FCA to reduce the amount of data collected from all Enhanced funds on leverage and to adopt the two-step approach.

Question 4: Do you agree with our approach to calculation methodologies? If not, why?

We refer to our response to Question 1 above and our comments on the level of the threshold, the use of NAV v AUM as a measure for these purposes and the treatment of funds that fluctuate above and below the threshold over a reporting period.

The VaR metrics are geared to a UCITS and don't reflect the way that VaR is calculated in practice. It would be more beneficial to break it down into different components.

We also advocate the removal of the standalone inflation sensitivity factor from market/stress test requirement.

Finally, we ask the FCA to consider developing monitoring on algorithmic and AI-driven strategies and their impact on the market, particularly in the age of AI-related market risks.

Question 5: Do you agree with our proposed design of the framework? If not, what would you change and why?

The framework is more intuitive than the returns it would replace, and the concepts flow logically from one stage to the next. We have, however, identified two points on which further development is needed before firms can assess the design with confidence. First, the consultation does not include validation guidance. Without it, firms cannot determine what will constitute a valid submission, and we would ask the FCA to publish validation guidance alongside the prototype forms and in good time for the voluntary testing exercise. As set out in our executive summary, this connects to the wider need for transparency on what is expected in individual fields and why, on the consequences of incomplete data, and on the treatment of optional fields.

Second, the framework should expressly permit third party providers to submit on behalf of their clients. A number of firms appoint external providers to carry out their reporting, and the design of the submission architecture, including permissions and delegation, needs to accommodate that from the outset.

Additionally, as detailed in the Executive Summary, it would be helpful for the FCA to adopt the approach it has adopted to previous regulatory reporting and to publish the reporting templates in an Annex to SUP 16, with a further annex setting out guidance notes on any relevant data fields in the reports.

Question 6: Do you agree with our approach to the essential requirements? If not, what would you change and why?

Limiting the majority of funds to Essential Reporting is welcome in principle and should be easier to manage. We would encourage the FCA to provide greater transparency on what is expected in individual fields and why, which would materially improve consistency of submissions across the industry. We also ask the FCA to clarify the consequences of incomplete data – a single unavailable field, such as a credit rating, should not invalidate an entire submission; to set a clear materiality standard for resubmission, for example where a NAV has not been finalised at the point of reporting; to remove optional fields, so that fields are either mandatory or omitted altogether; and to confirm whether the concept of reporting on the basis of assumptions, available for AIFMD reporting, will be retained for both AIF and non-AIF data.

It would be beneficial to include a general free-text assumptions field to be used where there is doubt about how to interpret a data field requirement in a specific context and firms want to make the basis of their approach clear to the FCA. This would be particularly helpful as the new reporting beds in, as there are almost inevitably instances where a particular business model means applying the data requirements is less straightforward.

Question 7: Do you agree with our proposals to collect client categorisation and investor data information in the enhanced reporting requirements, and if not, why?

As set out in our Executive Summary, client categorisation and investor data reporting for segregated mandates is new and considerably more expansive than anything currently required. Many firms do not provide equivalent reporting today and will need to develop entirely new processes, controls and data sourcing arrangements. Before proceeding, we ask the FCA to explain what it is seeking to capture, what risk it is seeking to mitigate and how the data will be used, and to set out how duplication will be avoided where, for example, an investment manager reports on a segregated portfolio whose client is itself a UK fund. Much of this data is sourced from transfer agents and other third parties, and firms' ability to obtain it should not be assumed.

We draw the FCA’s attention to three specific points:

- We note that the FCA’s aim is to gather information on funds’ end investors and that the FCA acknowledges the intermediated model that is the primary distribution method in the UK. This is not data that asset servicing providers typically capture and it goes beyond EU reporting, where ECB reporting requires information only on the first counterparty. We support alignment with that approach. Firms should not be required to look through third-party distributors or nominee arrangements where beneficial-owner information is unavailable, and reporting should be based on information maintained through existing onboarding and recordkeeping processes. We have previously discussed with the FCA the difficulty of obtaining information through long distribution chains and would welcome further engagement on practical solutions.
- We give some examples below of where it is unclear whether the information is required for the registered unitholder (which may be a nominee holder) or the end investor, who may not be known to the manager.

- Firms' systems generally record clients as Retail or Professional, with further detail held on each individual client's file. Gathering the split between per se and elective Professional clients, or the category of elective Professional client, would therefore require a case-by-case manual review. Investors not classified under a MiFID-equivalent Retail or Professional framework should be permitted to be reported as unclassified rather than requiring manual reclassification or remediation of investor reference data solely for FRAME. Given the small proportion of Professional clients understood to be elective Professionals, the resource required is likely to outweigh the benefit and would go beyond EU reporting. It would be useful to understand the FCA's reason for requiring this granularity.

As referred to in our second bullet above, some requirements within the FRAME Enhanced Requirements template appear somewhat contradictory or inconsistent:

- At Row 61, INV003 asks 'What % of the fund's NAV is held by its five largest investors (on a beneficial ownership basis, where known)?' It is not clear here whether 'investor' is referring to the platform nominee as unitholder, who would not be the ultimate beneficial owner, although we envisage that the intention is to look through the legal nominee arrangement to identify the ultimate beneficial owner. Although INV003 is qualified by the words 'where known', the operative rule in SUP Annex 63.8R does not include that qualifier and simply states that the report must include the approximate percentage of the fund that is beneficially owned by the 5 beneficial owners with the largest equity interest in the fund as a percentage of NAV. This rule should be subject to a qualification so that the beneficial ownership information is provided where the firm is in possession of that information.
- Rows 63 – 64 states 'using the information available to you, categorise the investors in your fund by status and geography, reported as a % of the NAV of the fund', followed by INV004 to INV010 providing a clear distinction between retail and professional categories, thus implying legal rather than beneficial ownership is required.
- Row 74 instructs 'using the information available to you, categorise the investors in the fund by client type, reported as a % of the NAV of the fund', offering a category of 'Retail investors', amongst others within data items INV011 to INV022.

If the intention is to establish whether a fund designed for a retail investor target market is reaching that target market, we ask for greater consistency and clarity in the use of terminology referring to 'investor' and its intended outcomes for data collation purposes.

Further, we suggest that where a UCITS or NURS designed for a retail mass market reports as such in INV004 to INV010, it be exempt from the additional 'OPERA' breakdown in INV011 to INV022. We do not consider that the 'OPERA' breakdown provides additional useful information for funds with a 100% retail investor base.

Question 8: Do you agree with our approach to performance and flow reporting, partcularly with respect to frequency? If not, why?

We would appreciate clarification around the frequency of Net Asset Value reporting required at the end of each calendar quarter for UCITS and NURS under the Enhanced Reporting regime.

Paragraph 3.11 of the consultation states:

'Except for UK UCITS and Non-UCITS Retail Schemes (NURS) funds with enhanced requirements, we would not require performance data any more frequently than monthly. UK UCITS and NURS funds with enhanced requirements would provide performance data for each NAV struck in the reporting period.'

Similarly, SUP 16 Annex 64.11R, as drafted states that this should be 'for each valuation point in the reporting period'.

This suggests that a UCITS or NURS with a daily valuation point should provide the NAV figure for each day. However, the FRAME reporting template only expects and permits a maximum reporting frequency of NAV of monthly as at the last business day of each month (Row 134). This accords with SUP 16 Annex 64.10R which infers a maximum monthly frequency, which is also consistent with the explanation given in paragraph 4.14 of the CP narrative.

Performance metrics should be required only where they are calculated and used by the fund in the ordinary course, including for investor reporting. In some cases, particularly for private equity, managers do not calculate or report metrics such as investor capital, MOIC, or levered and unlevered IRR. It would be overly burdensome to require firms to create performance measures solely for FRAME reporting where they are not otherwise calculated for the relevant fund.

The rules and reporting template should be aligned so that UK UCITS and NURS are not required to report NAV, subscriptions and redemptions for every daily valuation point. Requiring each valuation point would create significant data volumes and would be inconsistent with the monthly cap described elsewhere in the consultation and template.

We recommend requiring monthly data as at the final valuation point of each month, with less frequent reporting where the fund strikes NAV less frequently. This would provide a consistent view of performance and flows without requiring firms to submit daily data through a quarterly return.

Question 9: Do you agree that our characterisation of unencumbered highly liquid assets best captures cash and near cash that would be readily available to pay immediate liabilities, such as unexpected redemptions or margin calls?

The definition of 'highly liquid unencumbered assets' for the purposes of FRAME is set out in SUP 16 Annex 62.2R and, broadly, requires assets to not be subject to legal claims by another party and to be convertible into cash in the fund's base currency within three business days without a significant change in the market value of the investment.

Given that the stated purpose of the liquidity requirements is to meet unexpected liabilities such as redemptions and margin calls, it is unclear why the FCA has included a requirement that the assets must be convertible into the fund's base currency. This appears to assume that all liabilities and margin calls would be payable in that base currency, but this is not necessarily the case. For example, the FCA's COLL 3 rules expressly provide that share classes of an authorised fund can be denominated in currencies other than the base currency and liabilities to investors may therefore be incurred in a different currency. Similarly, depending on the investment strategy of the relevant fund, margin calls may not necessarily be denominated in the base currency of the fund either. We therefore consider that it is unnecessarily restrictive to introduce a requirement that requires convertibility into the fund's base currency.

It would seem to be more appropriate to require a manager to be able to consider whether assets held are matched to the currency of potential outflows, or to require exclusion of assets only where there is a reasonable likelihood that they would need to be converted a material discount to market value to provide any required liquidity.

Question 10: With respect to anti-dilution tools, would asking for data on a firm's back-testing of their use be a more proportionate substitute for the quantitative data on their calibration and trigger levels that we have not included?

We agree that back-testing data may be more proportionate than requiring firms to report detailed quantitative calibration or trigger-level information for anti-dilution tools. However, any requirement should be limited to back-testing that firms already conduct in the ordinary course of business and should allow firms to use their existing methodologies, given differences in fund type, liquidity profile, investor flows and anti-dilution mechanism.

We would not support a standardised back-testing methodology or a requirement to create new back-testing processes solely for FRAME. The FCA should also clarify the purpose and expected level of detail of any back-testing data requested, as outcomes may not be directly comparable across firms and may be influenced by fund-specific dealing and liquidity arrangements.

Question 11: Do you agree with our approach to share class data reporting, including that these requirements will only apply to UK UCITS and NURS, and our focus on size, performance, value and fees? If not, why?

We understand the FCA's rationale for collecting share-class data for UK UCITS and NURS, given their retail orientation and the potential for differences in fees, charges, currency and scale across share classes to affect investor outcomes. However, the reporting should remain limited to information already maintained in firms' books and records or used for investor disclosure and distribution processes.

Firms may operate a large number of share classes, including legacy or low-balance classes, and the operational burden can increase materially where data must be gathered from multiple systems or third-party providers. The FCA should therefore avoid requiring any additional calculations or data remediation beyond the fields identified in the template, and should provide clear guidance on inactive, dormant or zero-balance share classes. We support the FCA's proposal not to require detailed performance fee rates, hurdle calculations or other complex charging formulae at share-class level.

Question 12: Do you agree with our approach to benchmark data reporting? If not, why?

We have no comment on this question.

Question 13: Do you agree that managers and operators should only report holdings for UK UCITS and NURS funds? If not, why?

Under FRAME, NURS would report on the same basis as UK UCITS, including holdings. This is a significant change for UCITS managers in particular, for whom holdings reporting is largely new. Holdings reporting involves a very substantial volume of underlying data, much of which is sourced from third parties, including transfer agents and other outsourced administrators, and obtaining, sanitising and collating that data is a significant undertaking in its own right. We would also encourage the FCA to consider the scope for reducing duplication with the look-through data firms already submit to the PRA under Solvency II.

We agree that the scope for reporting holdings should not go beyond UK UCITS and NURS.

Question 14: Do you agree that collecting exposure data by asset class and breaking it down by instrument type, and standardising rates and credit exposure, is viable for reporting purposes? If not, what alternatives would you propose?

Standardisation of exposure reporting is helpful in principle, but its viability depends on the clarity of the underlying definitions and on the availability of the data. In particular, we would welcome a clear definition of efficient portfolio management (EPM), and confirmation of whether the concept of reporting on the basis of assumptions, which is available for AIFMD reporting, will be retained for AIF and non-AIF data. We would also encourage the FCA to consider the scope for reducing duplication with the look-through data firms already submit to the PRA under Solvency II, which runs to well over 100 fields across a wide range of funds, and to keep formats as consistent as possible with that reporting and with the ESMA templates.

It would be beneficial to calculate portfolio exposure as a percentage of the investment portfolio, rather than of NAV, ensuring that the amount totals 100%.

Question 15: Does this approach to sensitivities reporting sufficiently capture where fund managers are managing market risks?

The proposed sensitivities may provide useful supervisory information for funds that already calculate and manage risk using those measures, but a uniform requirement may not be meaningful across all strategies or operating models. We welcome the exclusion of unauthorised AIFs that are private market funds from the market risk sensitivities section, given that these funds generally do not manage daily market risk in the same way as liquid public-market strategies.

For in-scope funds, sensitivities should be required only where the relevant risk factor is material to the fund and where the firm can calculate the metric using existing risk systems and methodologies. The FCA should avoid requiring firms to build new sensitivities solely for FRAME where those metrics are not otherwise used internally or for investor reporting. We also welcome the FCA's proposal not to prescribe a single VaR methodology and to collect VaR only where it is calculated regularly. The FCA should confirm that firms may report VaR using existing internal methodologies, provided the key features of the calculation are disclosed.

Question 16: We propose to collect concentrated position data per entity rather than per individual security, should we consider collecting security level concentrations, particuarly with respect to the Gilts market?

We suggest that this data is collected at entity level.

Question 17: Do you agree with our approach to counterparty exposures, and in particular, collection of initial amounts (margins) and the use of it in ranking counterparties?

The proposed counterparty exposure reporting is very extensive. We recommend retaining the current top five counterparty framework, which focuses reporting on the relationships most relevant to concentration and contagion risk. If the FCA considers broader disclosure necessary, counterparties ranked six to fifteen should be reported only where net exposure represents at least 5% of fund NAV. This objective materiality threshold would preserve visibility into significant exposures while avoiding substantial reporting volume and operational burden for immaterial relationships.

Question 18: We are considering whether to capture data on individual information for the top 15 counterparties, rather than the top 5 as currently required in Annex IV. Aside from the increase in the volume of information, what are the challenges (if any), with providing this additional information?

Expanding the requirement from five to fifteen counterparties would materially increase reporting volume and operational complexity without necessarily improving the FCA's view of concentration risk. The template also appears capable of requiring up to thirty counterparties: the top fifteen providing the greatest support and the top fifteen giving rise to the largest net exposures. The FCA should clarify that only a single ranking is required. Consistent with our response to Question 17, the current top five framework is more proportionate; if counterparties ranked six to fifteen remain in scope, they should be reported only where net exposure equals or exceeds 5% of fund NAV.

Question 19: For both financing maturity and counterparty exposures, how should we best capture Total Return Swaps?

Total return swaps should be captured consistently with their economic substance and should not be duplicated across financing maturity, derivatives and counterparty exposure reporting. Where a total return swap functions as a financing arrangement, the financing maturity should be based on the

contractual termination date or remaining commitment period of the swap, with open-ended or evergreen arrangements identified separately.

For counterparty exposure purposes, the exposure should be measured using the fund's net exposure to the counterparty after legally enforceable netting and collateral, consistent with the methodology used for other derivative exposures. The FCA should provide worked examples covering funded and unfunded total return swap structures, including how firms should report margin, collateral, mark-to-market amounts and maturity where the swap references a portfolio or basket.

Question 20: Do you agree with our proposed approach to event-based reporting with a single trigger? If not, why not? If you disagree with the Event-based Reporting Trigger (EBRT) or the data we propose collecting, please suggest alternative EBRT and data requirements.

We consider that the burden placed by the proposals are disproportionate and that the requirements should be amended.

Funds reporting the following investment strategies under STR005 should be excluded from event-based reporting: Direct Lending; Asset-Based Lending/Asset-Based Finance; Mezzanine Capital/Mezzanine Debt; Distressed/Restructuring; Buyout /Leveraged Buyout; Growth Capital; and Venture Capital. These strategies primarily invest in illiquid assets that are valued periodically rather than daily. Applying a rolling 10-business-day drawdown test could therefore reflect valuation timing rather than emerging stress and would not provide the FCA with a consistent or timely risk indicator.

If these strategies remain in scope, performance should be measured between consecutive official valuation or NAV dates rather than through a rolling 10-business-day test. The drawdown threshold should also be calibrated to the fund's valuation frequency; for monthly valued funds, a 20% threshold would better focus reporting on genuinely significant deterioration.

For such event-based reporting, the FCA should ensure supervisory attention is directed toward significant events and information required to be provided is of value to the FCA. We suggest that the filing timelines be extended to 5 business days and that the proposed loss threshold be increased from 10% to 20%. It may be possible for there to be overlapping periods of decline in a sharply declining market, as the rule is technically triggered at any point at which the NAV of a hedge fund falls by 10% (or 20%) or more in a consecutive 10-day period. We ask for clarification that each 10-day period only begins after a previous 10-day period has ended, to prevent rolling overlap.

The proposals could also require continuing or repeated submissions after the initial trigger, including where there are substantial outflows. This could result in near-daily reporting in some cases and would be unduly onerous. The FCA should require a single event-based submission, with follow-up information provided on request where needed.

We do not see the value of providing internal risk reports and investor communications as part of event-based reporting, as those reports and communications could differ vastly between firms and may provide minimal value to the FCA. Instead, a requirement for firms to provide standardised quantitative information describing the event could be introduced with an option for the FCA to approach the firm for further information where needed. This could improve reporting quality while reducing reactive reporting driven by normal market volatility.

It would be beneficial to merge event-driven reporting (after the event occurs) and LDI Resiliency reporting (whether you are prepared should the event occur).

Question 21: Do you agree with our aproach to collecting data on private market valuation practices? If not, why?

The requirement to report significant loan amendments should be removed. The term 'significant' is inherently subjective and may be interpreted differently across firms, resulting in inconsistent and non-comparable reporting. Identifying, assessing and documenting amendments across large portfolios would also require substantial changes to upstream booking processes, data capture, technology, controls and loan documentation. Moreover, loan amendments do not necessarily indicate borrower deterioration; they may reflect refinancing, changes in capital structure or improved credit quality. Existing FRAME metrics, including covenant defaults, non-accrual loans and unrecoverable loans, provide more objective and comparable indicators of credit deterioration and better support the FCA's supervisory objectives.

Question 22: Do you agree with our approach to defining which funds should complete private markets and loan origination reporting based on whether they originate loans? If not, why, and what alternatives should we consider?

We have set out comments above on the treatment of funds falling into more than one category.

Question 23: Do you agree with our approach to collecting data on loan quality and stress? If not, why?

We support the FCA's objective of using loan-quality and stress indicators that are capable of being reported consistently across loan origination funds. Metrics such as non-accrual status, covenant defaults and unrecoverable loans are more objective and more comparable than subjective assessments of whether a loan amendment is significant. We have comments or would like clarification on some points.

For data field LOF004 we would appreciate clarification whether this would be looking at average LTV on completion or updated LTVs.

We do not support the proposed requirement to report significant amendments to loan documentation (LF007). The term 'significant' is inherently subjective and may be interpreted differently across firms, resulting in inconsistent and non-comparable reporting. In addition, loan amendments do not necessarily indicate borrower deterioration; they may reflect refinancing activity, changes in capital structure or improved borrower credit quality.

If the FCA retains this field, it should provide a clear, objective and narrow definition of reportable amendments and should apply appropriate materiality thresholds. Firms should not be required to create new loan classifications, reassess individual loans, or build manual review processes solely for FRAME where the information is not already captured through existing credit-monitoring processes.

In data field LOF009 please could the FCA provide a definition of 'Unrecoverable'? Does the FCA want to see the provision a firm posts for bad and doubtful debts, e.g. provision/total loan balance?

For data field LOF012 we ask for clarity on whether this is the average life from completion to original redemption date or whether firms should be reporting the current portfolio life remaining.

Question 24: Do you agree with our approach to focus our requirements on portfolio data? If not, which alternative metrics would you propose?

We have no further comments on the approach.

Question 25: Do you agree with our approach to dominant influences reporting for private equity funds? If not, why?

We welcome the FCA's decision to narrow dominant influence reporting to private equity funds and to focus the requirement on UK companies with a direct relationship to the fund, including through special

purpose vehicles or third parties acting on behalf of the fund. That approach is more proportionate than requiring broader reporting on non-UK companies or indirect relationships that may be difficult to identify consistently.

However, the concept of dominant influence remains fact-specific and can depend on legal rights, governance arrangements and contractual provisions that may change over time. The FCA should provide practical examples and confirm that reporting is required only where the fund has clear contractual, governance or voting rights that meet the specified criteria. Reporting should be based on information already maintained for investment, legal, regulatory or financial-reporting purposes, and should not require firms to perform a new legal analysis of every portfolio company solely for FRAME.

Question 26: Do you agree with our approach to performance data reporting for private equity funds? If not, why?

We support the FCA's flexible approach to calculation methodologies, including permitting firms to use the same methodology applied in investor reporting. However, MOIC and levered or unlevered IRR should be required only where the relevant metric is calculated and used by the fund in the ordinary course. Firms should not be required to create new performance measures solely for FRAME.

Private-market performance data may also be based on valuations completed before the reporting date. The FCA should therefore permit firms to report the latest available valuation and require the associated valuation date, rather than requiring an interim revaluation solely to complete the return. The FCA should also clarify the proposed definitions of levered and unlevered returns to ensure that firms can apply them consistently across different fund and financing structures.

Question 27: Do you agree with our proposals to require an annual report from CIS operators? If not, why?

Yes. We welcome the statement at paragraph 1.16 that operators of certain types of CIS that do not currently report would be required to submit only a short annual report on the size, type and number of schemes, and we consider the draft form referred to in paragraph 7.18 to be appropriate and proportionate.

We suggest that some types of residual CIS be exempt from reporting. These CIS would be those deemed exempt in the CP, such as carry vehicles, single investor funds and joint ventures.

We would welcome further discussion of whether the schemes captured by paragraphs 7.17 and 7.18 include arrangements falling within the definition of a collective investment vehicle in Schedule 5AAA to TCGA 1992, given FRAME's jurisdictional scope.

Separately, in paragraph 7.2 of the CP the FCA states 'we are therefore consulting on whether to also remove the requirement (DISC 3.5.1R) for firms to file [CCI] product summaries with the FCA.'. Unfortunately, the proposal to delete obligatory FCA filing of the new CCI product summary document (i.e. both ongoing (per DISC 3.5.1R) and as an interim Transitional Provision (TP2.10)), does not prompt direct feedback in the CP26/26 listed questions.

At this stage, we feel it is critical to avoid creating further uncertainty for European fund firms during their exceptional transition to a new 'template-free' retail disclosure regime, especially as the final rules will only follow in the first half of 2027. Moreover, both FRAME reporting and CCI product disclosures remain conceptual and untested (i.e. still subject to separate consultations, with finalised legal rules undetermined).

Post-implementation, we have major practical concerns regarding the suggested trade-off between two previously uncorrelated UK legal regimes, including:

- Periodic FRAME reporting data: can this readily 'replicate' information contained in new 'template-free' CCI product summaries?

- UK fund post-authorisation: how can the supply of quarterly reported information enable the FCA to actively monitor all ad-hoc CCI product lifecycle events (e.g. share class launches, material changes, etc)?

Accordingly, we advise that this specific proposal is deferred, until both FRAME supervisory reporting and CCI product disclosure rules are implemented and proven effective.

Question 28: Should online form and XML upload submission options be maintained for both the essential and enhanced reporting requirements under the new framework?

Our preference is for XML upload and automated reporting. As noted above, a number of firms appoint external providers to carry out their reporting, and the framework should permit third party providers to submit on behalf of their clients. We would encourage the FCA to engage directly with those providers, not only with AIFMs, when finalising submission arrangements.

Question 29: Is having XML upload only submission functionality sufficient for the enhanced reporting requirements under the new proposed framework?

XML upload only is likely to be sufficient for the enhanced reporting requirements, given the volume of data involved and our preference for automated reporting. Two conditions should apply. First, the schema and validation rules must be published well in advance of implementation and remain stable, since firms and their providers will build to them. Second, third party providers must be able to submit on behalf of their clients, as a number of firms rely on them to carry out their reporting. We would also ask the FCA to confirm how firms should handle a submission in which a single field is unavailable, so that an otherwise complete file is not rejected.

Question 30: Do you agree with our proposed definition of when a fund should start reporting?

We would welcome further clarity on the point at which the obligation is triggered and on how it interacts with the tiering thresholds. In particular, we ask the FCA to confirm that the £500m (or other such amount as may be determined) NAV threshold applies at sub-fund rather than share class level, and to explain how the start of reporting operates for a newly launched fund that crosses the threshold shortly after launch. As noted in our executive summary, we question whether the 180-day period allows sufficient time for the additional build required for Enhanced Reporting, given that the underlying data must be collected from day one of that period. We would also welcome clarity on how the requirements will work in practice for funds marketed under the Overseas Funds Regime (OFR) and National Private Placement Regime (NPPR).

In our view, the current drafting of the provisions relating to when a manager may submit a ‘nil return fund report’ is unclear and inconsistent. The proposed Glossary definition of a ‘nil return fund report’ refers to an AIF or UCITS scheme which does not have investors and which has not made any investments at the end of the relevant reporting period. GEN001 in the Essential Requirements section of the reporting template refers to the fact that the ‘fund has not launched’, although the concept of the ‘launch’ of the fund is not clearly defined. SUP 16.36.6R(3) refers to a nil return fund report being permitted where the fund has launched but has not yet made any investments at the end of the reporting period. We would therefore request that the FCA clarify when a nil return can be reported in relation to a fund. In our view, it would be appropriate to allow a nil return where the fund has not yet made any investments, which would be analogous to the existing Annex IV position that a nil return is permitted if an AIF has not yet commenced investment activity.

Question 31: How much time, in months (e.g. 6, 12, 18, 24) would you require to operationalise the reporting requirements set out in this consultation paper, from the date of a policy statement and final rules being published?

We consider that a minimum of 24 months from the date of the policy statement and final rules is required, and a 2028 go-live is too soon. Our preference is for implementation no earlier than 2029. Members recall the introduction of the AIFMD reporting regime in 2014/15 as a very substantial undertaking and reframing that infrastructure will be difficult; for firms that rely on external providers the exercise is larger still.

The timetable must also take account of the other rule changes and consultations already underway: in particular, we ask that the CCI regime is fully embedded and subject to a post-implementation review before firms are required to begin work on FRAME. We also note that the ESMA regime is currently expected to go live in H1 2029 at the earliest, and we question whether the FCA needs to go live in advance of that.

In addition, we ask the FCA to seriously consider the timeline for testing and implementing the new framework. We and our members are keen to assist with testing to ensure that the system is workable for firms and we consider that an October 2026 start date to be too soon. With the response date for this consultation moving to 22 October, it would be beneficial for the FCA to consider responses and make the necessary amendments to the framework before commencing testing. Testing could therefore take place during the transitional period, to refine the data set and ensure that it is fit for the FCA's purposes whilst being proportionate for firms. The FCA should also host a series of workshops during the implementation period to allow firms to become fully au fait with requirements ahead of a go-live date.

Question 32: Do you have any comments on our proposal to require firms to submit the AIFMD forms and notifications set out above online rather than by post or email?

We have no objection in principle, but firms would welcome assurance that the move to the Gateway will not affect approval, review and processing timelines compared with the existing email-based process; any slowdown, even temporary, would be far from ideal.

We agree with the rollout plans, with changes to submission method initially limited to a small number of AIFM forms to allow issues to be identified as the rollout progresses.

Based on member experiences with other portals, we urge the FCA to note issues with these portals, such as the limiting of review and access rights, limited printing functionality and requiring fields that are difficult to populate meaningfully to be completed before proceeding to the next section.

We support online submission in principle, provided the Gateway accommodates firms' established governance and operating models. It should permit multiple authorised users, clearly differentiated preparation, review and submission permissions, and delegated access for law firms and third-party service providers. The platform should retain a complete audit trail showing who entered, amended, reviewed and submitted information.

Firms should be able to access and complete sections independently rather than being required to answer each question sequentially. They should also be able to save drafts, export or print a complete application for internal review, and identify outstanding mandatory fields before submission.

The proposed outage contingency should apply whenever a system issue prevents a firm from meeting a regulatory or authorisation deadline, rather than only after an outage has continued for 24 hours. The FCA should provide a clear alternative submission route and preserve the original submission date where the portal is unavailable or where the FCA requests information shortly before a deadline.

Any wholesale move to an online portal must be consistent with the FRAME reporting process to ensure the consistency of terminology and the avoidance of duplication.

We acknowledge the engagement that the FCA has had with firms so far about the changes to the fund authorisation process and we urge the FCA to undergo a full testing programme with users, including AFMs and others involved in the process, such as external legal firms.

Question 33: Do you agree with our proposal to require LEIs as set out, and how much time would be required to ensure these entities have LEIs in place from the date we publish our final rules?

We have no objection in principle to the use of LEIs, but the lead time required will depend on the number of entities in scope that do not already hold one, and on whether firms are responsible for obtaining LEIs for entities they do not control.

We are aware that the process for obtaining an LEI for a fund from the London Stock Exchange can involve the LSE undertaking a check on the FCA's fund register to establish that a fund is already authorised before granting an LEI. In our experience, if it is not yet authorised, the LSE issues only a provisional LEI, which then results in a multi-stage process to finalise the LEI after FCA authorisation has been received.

We therefore wish to highlight that obtaining an LEI for a fund at pre-authorisation stage may add complexity to processes if the FCA authorisation and LEI issuance processes do not work in harmony with each other to reduce administration. At worst, we are concerned it could result in a stalemate between the FCA and LSE's authorisation processes preventing either issuance of an LEI or authorisation, or both, if their respective systems and processes do not see the activities occurring in the expected order.

We would ask the FCA to confirm the scope of the requirement and, consistent with our response to Question 31, to allow a lead time that runs alongside the wider implementation period rather than ahead of it. As with the authorisation and registration changes, we would encourage the FCA to signal the requirement and its deadline directly to each firm's named representative, since there is a risk that these proposals are missed.

Question 34: What considerations should the FCA prioritise in developing the new fund Authorisation, Registration, and Change platform?

Our view is that the FCA should prioritise ease of input, ability for multiple users to update applications simultaneously and system reliability.

The FCA should ensure that moving applications to the Gateway does not inadvertently increase administrative burden or lengthen authorisation timelines during the transition. Lessons from the Overseas Funds Regime (OFR) would be helpful here, in particular: signalling the changes and timescales directly to each firm's named representative, as the FCA did ahead of the OFR; confirming that submission rights can be delegated to third parties within the Gateway, since firms commonly delegate this activity either to a third party service provider or a law firm; and providing a bulk upload facility, as the OFR process was extremely manual with applications uploaded individually.

We will assess the proposals fully on publication of the roadmap in the coming weeks.

Question 35: Would you like to participate in future engagement about the FCA's fund Authorisation, Registration, and Change service?

Yes. The IA and its members would welcome the opportunity to participate in future engagement on the fund Authorisation, Registration and Change service, and we would be happy to coordinate member input. We would find it particularly helpful to see the roadmap the FCA signals will follow in the coming weeks, as it is difficult to assess the proposals fully without it.

QUESTIONS IN THE CBA

Question 1: Do you agree with our estimates of the ongoing costs of fund-level reporting, including for AIFs, UCITS funds, UK MiFID managers, and residual CIS operators?

The cost assumptions require revisiting. For a significant number of funds the proposals will not generate savings at all: they will require firms to do something they do not do today, and in some cases, e.g. UK UCITS managers and residual CIS operators a complete rebuild at considerable cost.

Reform of the EU AIFMD reporting regime (Annex IV, and what is expected in due course under AIFMD 2) means that most managers of EU funds will need to retain their existing data and reporting capability in any event, so the projected savings will not translate for a large part of the industry.

The analysis should also reflect the role of third party providers, including the extent to which they save smaller firms from building capability of their own, and the additional work involved for firms in sourcing data and transmitting it to those providers.

Question 2: For AIFMs, do you agree with our assessment of the reduction in reporting effort under the proposed framework, including the estimated reduction associated with the essential reporting requirement relative to the current AIFMD returns?

We do not agree that the assessed reduction in reporting effort will be realised in practice for a large part of the industry. Reform of the EU AIFMD reporting regime (Annex IV, and what is expected in due course under AIFMD 2) means that most managers of EU funds will need to retain their existing data and reporting capability in any event, so any reduction relative to the current AIFMD returns will not translate into a corresponding saving.

Members also expect to build Enhanced Reporting capability across their fund ranges rather than only for funds above the threshold, which further erodes the assumed benefit of the essential reporting tier. Set against this, the initial project to amend reporting systems will be resource intensive and costly and delivers little genuine relief – the proportionality benefit assumed in the CBA does not materialise; members recall the introduction of the AIFMD reporting regime in 2014/15 as a very substantial undertaking and reframing that infrastructure will be difficult.

The field-count comparison does not necessarily translate into an equivalent reduction in end-to-end reporting effort. Many reporting costs arise from sourcing, reconciling, validating and governing data rather than from the number of fields submitted.

Firms may also need to build Enhanced Reporting capability across their fund ranges, maintain Annex IV capability for EU funds and operate parallel systems during transition. The FCA should therefore test its assumed reduction in effort against full reporting processes and firm operating models, rather than relying primarily on the reduction in template fields.

Question 3: Do you have any other comments on our cost benefit analysis?

We have three further comments.

First, the analysis should reflect the role of third-party providers, including the extent to which they save smaller firms from building capability of their own, and the additional work involved for firms in sourcing data and transmitting it to those providers; we would encourage the FCA to engage directly with those providers as well as with AIFMs.

Second, the costs associated with segregated mandate reporting appear to be understated, as many firms do not provide equivalent reporting today and will need to build entirely new processes and controls.

Third, the analysis does not appear to account for the cumulative burden of concurrent change: the CCI regime, the ESMA reporting reforms, SFDR, the Retail Investment Strategy and value for money, digital PRIIPs KIDs and MISP all fall in or around the same period, and sequencing FRAME to follow the CCI post-implementation review would materially reduce the cost of implementation.