ASSOGESTIONI
associazione del risparmio gestito

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ESMA
European Securities and
Market Authority
103 Rue de Grenelle
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Reply to ESMA's draft technical advice to the European Commission on possible implementing measures of the Alternative Investment Fund Manager Directive.

Assogestioni is grateful for the opportunity to comment on ESMA's draft technical advice to the European Commission on possible implementing measures of the Alternative Investment Fund Manager Directive. The AIFMD regulation is going to introduce, for the first time, an harmonised European legal framework which will imply significant changes in the relevant national legislations; consequently, it is necessary to take into due account the several impacts that ESMA's proposals may have on the entities which will be covered by the aforementioned regulation across European Union.

In light of the above, Assogestioni appreciates the approach adopted by ESMA which aims at ensuring a high level of convergence with the existing UCITS and MiFID regulations. As regards Italian market, such approach is particularly useful given that, at the moment, management companies may manage both UCITS and entities which will be qualified as AIFs and, in addition, may provide the MiFID investment services of portfolio management and investment advice. Therefore, the aforementioned impacts and the related costs would be reduced by the adoption, where relevant and possible (for example, organisational requirements), of an harmonised set of rules.

Furthermore, the need to ensure an effective level playing field is strictly related to the adoption, by the European competent authorities, of the same interpretation of the definition of AIF; such interpretation should be the broader as possible, in order to avoid the exclusion from AIFMD scope of entities and structures that are similar to AIFs and which compete with them.

Moreover, we believe it is of paramount importance that competent authorities across European Union adopt a uniform interpretation of AIFMD requirements, in order to guarantee that homogenous criteria would be adopted in the valuation of whether a certain AIFM is complaint with the said requirements. The relevance of a

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coherent application of the directive is particularly evident in respect of AIFMD level 2 measures whose broadness requires, in many cases, the same reading in view of ensuring an effective level playing field.

This being said, preliminary to our comments on the main issues of ESMA's consultation document, we would like to underline, as a general remark, that it would be preferable to include in the relevant Boxes the statements made in the explanatory texts, whenever the latter do not represent a mere explanation of the corresponding Box, but add further specific and detailed measures.

1. ARTICLE 3 EXEMPTIONS
Box 1 – Calculation of the total value of assets under management
Q1: Does the requirement that net asset value prices for underlying AIFs must be produced within 12 months of the threshold calculation cause any difficulty for AIFMs, particularly those in start-up situations?
We believe that a 12 months period is sufficient for the purpose of the threshold calculation.

Q2: Do you think there is merit in ESMA specifying a single date, for example 31 December 2011 for the calculation of the threshold?
It seems preferable to allow AIFM to choose by themselves the reference date considered for the calculation of the threshold.

2. GENERAL OPERATING CONDITIONS
Box 8 – Quantitative requirements
Choice between Option 1 and Option 2
With reference to the options described in Box 8, paragraph 1, we deem preferable the adoption of option 1, given that this option, as reminded by ESMA, is already implied in the AIFMD and in the UCITS directive and, therefore, is based on an existing method for the calculation of own funds. Furthermore, the simplicity of such option ensures a uniform application of the latter and limits the chances for AIFMs to adopt different interpretation of the requirement.

In line with the expressed preference for Option 1 in Box 8, paragraph 1, even with reference to Box 8, paragraph 4, we support Option 1.

Box 11 – Due diligence requirements
General comment
We appreciate ESMA's proposal in Box 11, given that it clearly specifies the content of the due diligence requirement in collective asset management, allowing, at the same time, a certain degree of flexibility. In this respect, we appreciate that the additional due diligence requirements set out in paragraphs 4 and 5 are applicable only to some AIFs, depending on the type of assets in which they invest.

Box 13 – Selection and appointment of counterparties and prime brokers
General remarks
As regards Box 13, paragraph 1, we deem sufficient to require that AIFMs should select counterparties and prime brokers after having ascertained only that the latter

are subject to ongoing supervision by a public authority. In fact, it should be considered excessively burdensome for AIFMs to verify whether the abovementioned subjects are of financial soundness and have the necessary organizational structure for the services provided. AIFMs should be allowed to rely on the fact that ongoing supervision by a public authority assures the full satisfaction of the said requirements.

Furthermore, we deem necessary to specify, in Box 13, the meaning of "counterparty in an OTC transaction", in order to clarify that the subscription of investment funds established in non EU countries is not identifiable as an OTC transaction.

Box 14 – Execution of decisions to deal on behalf of the managed AIF
General remarks
It should be preferable to clarify, in Box 14, paragraph 1, that its scope refers to all types of AIF, by better specifying the meaning of "executing decisions to deal on behalf of the managed AIF". In fact, the said wording is the same used by MiFID with reference to financial instruments and, therefore, it could be interpreted in the sense that it applies only to such operations. Instead, as stated in paragraph 21 of the explanatory text, Box 14, paragraph 1, should apply to all types of AIF.

Box 15 – Placing orders to deal on behalf of AIFs with other entities for execution
General remarks
Similarly to our comments on Box 14, paragraph 1, even with reference to Box 15, paragraph 1, it should be better clarified that the latter applies to all types of AIF. In fact, Box 15, paragraph 1, reflects too much MiFID language when it refers to "placing orders to deal on behalf of the managed AIF with other entities for execution"; such wording seems specifically tailored to financial instruments only and not to other categories of assets.

Box 18 – Inducements
General remarks
The scope of inducements discipline, as provided in Box 18, paragraph 1, seems to include only the activities that an AIFM could exercise according to Annex 1 of AIFMD. Therefore, we deem appropriate to clearly specify that such activities are those of portfolio management, risk management, administration, marketing and activities related to the assets of AIF. In particular, the proposed specification would imply, with reference to marketing, that only inducements concerning the so called "direct marketing" (*i.e.* the marketing done by the AIFM itself) and not the distribution of AIFs by other subjects (the so called "indirect marketing") providing, for example, placement service falls within the inducement regulation's scope.

Moreover, as regards the disclosure on inducements, we deem sufficient to maintain the same approach adopted by MiFID and UCITS and stated in Box 18, paragraph 1, letter b), point (i); in fact, the inclusion of the said information in the annual report could result into a burdensome and useless requirement.

Box 19 – Fair treatment

Q17: Do you agree with Option 1 or Option 2 in Box 19? Please provide reasons for your view.

We deem preferable Option 1, because it offers an higher level of legal certainty compared to Option 2 and, as a consequence, it ensures an effective level playing field. In fact, given the relevance of the interests involved, it acquires main importance, even from a competitive perspective, the need to assure that all AIFMs across European Union have to follow the same limits in the application of the fair treatment principle. From this point of view, the said need would also be frustrated by a different solution, such as Option 2, that would allow competent authorities to adopt different interpretations of the same principle.

Box 23 – Record keeping of activities giving rise to detrimental conflicts of interest and way of disclosure of conflicts of interest

General remarks

According to Box 23, paragraph 2, letter a), AIFMs should disclose to investors, among others, "conflicts of interest pursuant to Article 14(1)". In this regard, it would be appropriate to clarify the scope of such provision specifying whether the latter implies that the disclosure to be provided under the abovementioned Box 23, paragraph 2, letter a), regards all conflicts of interest different from those arisen within the operating environment of the AIFMs. In this perspective, for example, the disclosure should include all conflicts of interest relating to investment activity but not those relating to internal control functions.

Box 34 – Alignment of investment strategy, liquidity profile and redemption policy

Q20: It has been suggested that special arrangements such as gates and side pockets should be considered only in exceptional circumstances where the liquidity management process has failed. Do you agree with this hypothesis or do you believe that this may form part of normal liquidity management in relation to some AIFs?

With reference to special arrangements to manage liquidity, we deem appropriate their differentiation in order to verify whether they could be used as an ordinary or an extraordinary tool for liquidity management. In this perspective, we believe that the characteristics of gates and the conditions under which they could be used may justify their inclusion in the normal liquidity management policy of an AIF, while side-pockets should be deemed a remedy to be adopted only in exceptional circumstances. Such distinction would not affect AIFM's effort to satisfy the need to align investment strategy, liquidity profile and redemption policy.

Complaints handling

Q23: Should a requirement for complaints handling be included for situations where an individual portfolio manager invests in an AIF on behalf of a retail client?

The investment in an AIF through an individual portfolio manager should be considered as an investment from a professional client, independently from the nature of the portfolio manager's client. Therefore, the provision of a complaints handling procedure should not be included in AIFMD level 2 measures, given that

there is no difference, from a legal standpoint, between the case in which the participant of the AIF is a professional client who acts on its own or a professional client who acts as portfolio manager on behalf of its clients.

Box 55 – Policies and procedures for the valuation of the assets of the AIF
General remarks
ESMA admits, in paragraph 11 of the explanatory text relating to Box 55, the possibility to appoint more than one external valuer for one AIF. In this respect, it seems preferable to include such statement in Box 55, given that the said approach allows for a high level of flexibility and permits to structure the selection of the valuers depending on their specific competences and taking into account the different types of assets in which the AIF is invested.

Box 60 – Calculation of the net assets value per unit or share
General remarks
ESMA specifies, in paragraph 24 of the explanatory text relating to Box 60, that a third party which carries out the calculation of the net asset value for an AIF is not considered to be an external valuer for the purpose of article 19 of AIFMD, provided that the said subject does not make the valuations of individual assets. Such solution is relevant in order to clarify responsibilities of the different entities appointed by the AIFM to which the latter has assigned the tasks to evaluate AIF's assets and, respectively, to merely calculate the NAV of the AIF. Therefore, the content of the abovementioned paragraph 24 should be included in Box 60.

Furthermore, we deem important to specify which discipline is applicable to the entity in charge of the mere calculation of NAV given that, once clarified that such entity is not a valuer in the sense of article 19 of AIFMD, the question is open on which regime should be applied to it; in particular, it should be specified whether the said subject could be considered as a delegate for the purpose of article 20, as it could be inferred from recital 31 and article 20 of AIFMD.

Box 65 – Objective reasons
Q24: Do you prefer Option 1 or Option 2 in Box 65? Please, provide reasons for your view.
We believe that option 1 is the best solution, given that it ensures a high level of flexibility in order to take into account the various circumstances which could justify the delegation of tasks by an AIFM. Furthermore, Option 1 defines a clear general guideline which, despite its broadness, reduces the room for different interpretations among Member States and, at the same time, does not introduce excessive limits to AIFMs organizational structure. Finally, Option 1, as stated by ESMA, is more aligned to UCITS framework and, therefore, avoids management companies that can also be qualified as AIFM to comply with different principles concerning the same issue. The reasons set out under Option 2 could be, eventually, considered as examples of "objective reasons".

Box 66 – Sufficient resources and experience and sufficiently good repute of the delegate

General remarks

We deem appropriate to redraft Box 66 in order to make clear that the requirements imposed on the delegate could be verified by the AIFM even through adequate documents produced by the delegate itself which state the existence of such requirements or by acquiring from the delegate a specific formal confirmation. Instead, ESMA's proposal burdens the AIFM with unjustifiable and costly procedures and responsibilities, which are based on tasks excessively difficult, or in some cases even impossible, to perform.

Box 68 – A delegation would prevent the effective supervision of the AIFM, or the AIFM from acting, or the AIFM from being managed in the best interest of its investors, in particular under the following circumstances [...]

General remarks

Similarly to our comment on Box 66, we deem appropriate to change the approach in Box 68, letters a) and b), which appoints the AIFM as the subject responsible for the satisfaction of the conditions defined in the latter dispositions. In addition, it should be expressly provided that the said conditions shall be specified in the delegation agreement in order to contractually bind the delegate to act pursuant to those conditions; in this perspective, in case of violation of the delegation agreement by the delegate, the latter should be identified as the subject responsible.

3. DEPOSITARIES

Box 74 – Particulars of the contract appointing the depositary

General comment

We appreciate the approach adopted by ESMA in defining the content of the contract appointing depositary, given that it is substantially aligned to the UCITS discipline, although it takes into due account AIFs peculiarities. At the same time, we share ESMA's proposal to provide a non-exhaustive list of topics to be included in the said contract, because it allows the AIFM and the depositary to structure the said agreement considering their specific needs. In this perspective, we also agree with ESMA's position according to which it is not necessary nor useful to provide a model agreement.

Q27: Are there any practical problems with the requirement to refer to Article 18 of MiFID?

We do not see any practical problem with the requirements provided by article 18 of MiFID.

Box 76 – Proper monitoring of all AIF's cash flows

Q29: Do you prefer Option 1 or Option 2 in Box 76? Please, provide reasons for your view.

We deem preferable the solution set out under Option 1 because, compared to requirements provided under Option 2, it ensures a stronger control on cash flows, which guarantees an effective safeguard of AIF's liquidity.

Box 78 – Definition of the financial instruments to be held in custody
Q32: Do you prefer Option 1 or Option 2 in Box 78? Please, provide reasons for your view.
We believe that neither Option 1 nor Option 2 imply the inclusion of a large number of assets in the definition of "financial instruments to be held in custody" and that, therefore, none of the mentioned options reach the aim to impose on depositary strong safe-keeping duties. In particular, Option 1 limits such inclusion to circumstances where only the depositary can instruct a transfer of AIF's financial instruments, provided it is clear that the depositary is not acting on behalf of AIF; instead, Option 2 concerns solely situations in which settlement systems are used. However, in a compromise perspective between depositaries and AIFMs interests, we deem preferable Option 2, given that, even if it has a strict scope, it is clearly achievable.

Q33: Under current market practice, which kinds of financial instrument are held in
custody (according to current interpretations of this notion) in the various Member
States?
In Italy, there is no distinction between types of financial instruments which can be held in custody; all financial instruments pertaining to a fund are registered in specific custody accounts opened in the name of the management company on behalf of each fund managed.

Box 79 – Treatment of collateral
Choice between different Option 1, Option 2 and Option 3
Option 3 is to be considered as the best option, given the broadness of its scope.

Box 81 – Safekeeping duties related to "other assets". Ownership verification and record keeping
Choice between Option 1 and Option 2
We deem preferable Option 2 because it offers an adequate level of safeguard for AIFs and makes more effective depositary's obligation to be able to provide at any time a comprehensive and up to date inventory of the AIFs assets.

Q39: To what extent does/should the depositary look at underlying assets to verify the ownership over the assets?
The fulfillment of the depositary's duty to verify the ownership over the AIF's assets requires the adoption of a "look-through approach", that takes into account all the investments made by the AIF, even when the said investments are made through the establishment of specific structures. Such duty acquires a significant relevance especially when the AIF makes its investments through intermediary entities because it would impose to the depositary to verify if the structure established (for example, the use of an SPV) assures the effective ownership over the relevant assets.

Box 82 – Oversight duties
General comment
We share ESMA's approach in describing the oversight duties of the depositary,

specifically when stating that the latter is expected to perform *ex post* controls and verifications of processes and procedures that are under the responsibility of the AIFM, the AIF or an appointed third party. In particular, such approach avoids any delay or inconvenience in the day by day management of the AIF.

Box 86 – Duties related to the timely settlement of transactions
Q45: Do you prefer Option 1 or Option 2 in Box 86? Please give reasons for your view.
We deem not necessary to impose on depositaries further requirements relating to the settlement of transactions, given that level 1 dispositions ensures an adequate legal framework; therefore, Option 1 would be an adequate solution.

Box 90 – Definition of loss
General comment
In general, we agree with ESMA's proposal on the definition of loss and we support the specification set out in paragraph 19 of the explanatory text, according to which it is up to the AIFM to determine whether the financial instruments are lost. However, we would like to underline that some difficulties could arise with reference to the exact identification of the situations in which the loss is "permanent".

Q48: Please provide a typology of events which could be qualified as a loss in accordance with the suggested definition in Box 90.
We believe that the definition of a list, necessarily non exhaustive, of events which could be qualified as a loss would be not only useless but even misleading, because it could influence the identification of those events not included in the said list. Instead, a principle based approach, already adopted in Box 90, would ensure a sufficient level of flexibility in the case by case qualification of the events.

Box 91 – Definition of "external event beyond reasonable control"
General comment
We appreciate the approach adopted in ESMA's proposal, Box 91, item 1, given that it guarantees an high level of safeguard for AIF and its participants. In particular, it is important that even losses occurred at the level of the sub-custodian are referable at the depositary's responsibility. In fact, the said approach avoids the unjustifiable introduction of a different treatment between losses caused by the depositary itself and those deriving from the sub-custodian.

Q50: Are there other events which should specifically be defined/presumed as "external"?
The identification of "external events" would be in contrast with the principle based approach adopted by ESMA and would deprive such approach of its flexibility to cover the different situations in which a depositary's responsibility could arise. Therefore, it is essential and sufficient to state that, with reference to each single case, it should be verified whether the three conditions provided in Box 91 are met.

Box 92 – Objective reasons for the depositary to contract a discharge
Choice between Option 1 and Option 2
We deem preferable the proposal set out in Option 1, because it gives requirements

sufficiently stringent in order to guarantee an adequate investor protection; on the contrary, Option 2 deprives the objective reasons principle for a contractual discharge of its meaning, given that it implies that the mere agreement between AIFM/AIF and the depositary is sufficient to contract a discharge.

4. MEASURE ON METHODS FOR CALCULATING THE LEVERAGE OF AN AIF AND THE METHODS FOR CALCULATING THE EXPOSURE OF AN AIF

General comments

ESMA's draft Technical Advise grants a key role to the measurement of leverage, expressed as a ratio between the exposure of an AIF and its net asset value, and to the disclosure of this information to investors. In particular, it is indicated that an AIFM shall disclose to investors, on a regular basis, the level of leverage with reference to the Gross Method and must, in addition, disclose the level of leverage with reference to the Commitment Method or, where applicable, to the Advanced Method.

The definition of leverage in the proposal is different from that set for UCITS which uses VaR approaches to measure global exposure (cfr. Box 24 of CESR Guidelines on risk measurement and the calculation of global exposure and counterparty risk for UCITS (CESR/10-788)). For "VaR UCITS" the leverage should be calculated as "*the sum of notionals of derivatives used*". If we compare the VaR UCITS calculation with the AIF Gross Methods calculation differences come from: i) the value that should be disclosed (absolute value for UCITS, relative value on net asset value for AIF); ii) the elements included in the calculation (financial derivatives for UCITS, all positions for AIF except cash and cash equivalents which provide a return at the risk-free rate); iii) the method of conversion of the financial derivatives instruments (amount of notional for UCITS and market value of the equivalent underlying assets of that derivatives for AIF).

To avoid confusion to investors when comparing the leverage indicated for a UCITS which uses VaR approaches to measure global exposure (VaR UCITS) and that of an AIF, we encourage ESMA to take a horizontal approach for the definition of leverage for UCITS and AIF with the aim of harmonizing the regulation in this key area and to maintain a level playing field. In particular, we suggest to review the definition set for "VaR UCITS".

Box 93 – General provisions on calculating the exposure of an AIF

General comments

Regarding the Gross Method, the first method that ESMA indicates as mandatory, we note that AIFM that uses financial derivatives to hedge some risks of the managed AIF will disclose a figure of leverage that does not represent necessarily an increase in the exposure of an AIF above its capital.

In our view, the leverage calculated with the Gross Method, which is larger depending on the use of financial derivatives, gives misleading information on the real exposure of the fund and could be read, especially by non-technical persons, as a synthetic measure of the risk of an AIF. Larger exposure does not necessary mean higher risk. Exposures moving in opposite directions, such as it could be in

long/short strategies or to hedge currencies risks, decrease the market risk of investments to the benefit of the investor. In particular, we agree with ESMA when, in point 6 of the introduction to Chapter VI, set that the extent to which these operations actually increase exposure depends on the level of correlation between long and short positions.

In our opinion, a cumulated figure resulting from the sum of different exposures carried out from different sources of risks (financial derivatives and borrowing) and from different segments of financial risks (equities, rates, currencies...) as is the Gross Exposure is not a really useful information. If ESMA believes that this figure is in any case essential, we recommend to provide that the disclosure should be made only to the authorities and not to investors; making available to investors information that do not add to the understanding of the risk level of the product but could add confusion or be misunderstood should be avoided. Therefore, we suggest to ask to disclose only one figure of leverage: a "net" leverage.

Regarding the methodology to calculate a "net" leverage, the Technical Advise indicates that the Commitment Method should be used. Only where this method does not provide an accurate reflection of the exposure of the AIF, the AIFM shall calculate the leverage with the Advanced Method, upon notification to the authorities.
Even if the Advanced Method seems to be used only in a special case, it appears natural that different interpretations of the statement "*does not provide accurate reflection of the exposure*" could lead to heterogeneous representations of leverage. Therefore, it may be possible that two different AIFMs based in distinct countries would disclose completely different information on the level of leverage for similar managed AIFs.

To avoid that different views coming from AIFM and authorities could reduce the level playing field, it seems preferable to have only one methodology, the Advanced Method. This method overcomes the restrictive definitions on hedging and netting positions set for the Commitment Method, especially the one which excludes from hedging the positions taken with the aim to generate a return, and best reflects current industry practise.

In any case, we hope that the process of notification for the use of the Advanced Method will not be translated in practise in an authorisation procedure. We deem important that authorities will take their inquiry and their decision on the same basis to avoid different interpretations that could lead to have a competition between them.

We also ask to clarify that it is not necessary to disclose information on "Commitment"/"Advanced" leverage when the figure, calculated as the ratio between exposure and net asset value of the AIF, is lower than 1. In this case, the figure does not represent an increase of the exposure of the AIF above its capital and could give a wrong information to investors where disclosed. For example, if two simple products that invest in foreign equities are compared and only the first one uses financial derivatives to hedge partial the currency risk (for example 90% of the long

position), the information that reaches to investors could be misleading. In the first case, the product discloses a figure of leverage of 0,1 ((100-90)/100) even if there isn't an incremental exposure. This representation could also result in the perception of the first product as riskier than the second one only because the first one discloses an information on leverage.

Box 95 – Gross method of calculating the exposure of an AIF
Please, see our general considerations on the utility to disclose information based on gross exposure under comments relating to Box 93.

Regarding the calculation of exposure, to avoid a double counting, we ask to exclude from the calculation the borrowing when the position derived from it is already included in the calculation. For example: the leverage of the following positions - financial instruments for 100, 90 of which derived from borrowing - should be 10 (100 financial instruments /10 net asset value) instead of 19 ((100 financial instruments + 90 borrowing)/10 net asset value).

Box 96 – Commitment method of calculating the exposure of an AIF
Please, see our general consideration on Commitment method in Box 93.

The Commitment method rules come from CESR Guidelines on risk measurement and the calculation of global exposure and counterparty risk for UCITS (CESR/10-788). The definition of hedging and netting are set through principles which should be translated in operating procedure. To help AIFM, such as the UCITS asset management, to identify such operating rules on a common basis, it could be helpful if authorities share at ESMA level their eventually further technical work, made at local level to adopt CESR/10-788 guidelines into the national law. The results of such analysis could be published in FAQ.

Q55: ESMA has set out a list of methods by which an AIF may increase its exposure. Are there any additional methods which should be included?
We suggest to include Credit Default Swap.

Q58: Do you agree that when an AIFM calculates the exposure according to the gross method as described in Box 95, cash and cash equivalent positions which provide a return at the risk-free rate and are held in the base currency of the AIF should be excluded?
We agree that cash and cash equivalents should be excluded from the calculation. We suggest further technical work on the definition of risk-free rate to achieve an harmonized view.

5. MEASURES ON LIMITS TO LEVERAGE OR OTHER RESTRICTION ON THE MANAGEMENT OF AIF

Q61: Do you agree with ESMA's advice on the circumstances and criteria to guide competent authorities in undertaking an assessment of the extent to which they should impose limits to the leverage than an AIFM may employ or

other restrictions on the management of AIF to ensure the stability and integrity of the financial system? If not, what additional circumstances and criteria should be considered and what should be the timing of such measures? Please provide reasons for your view.
We agree with the indication and we hope that the authorities in their assessment carefully consider the impact of any restrictions they may impose on leverage, weighing the potentially impact on the systemic risk against potential damage to investors.

Q62: What additional factors should be taken into account in determining the timing of measures to limit leverage or other restrictions on the management of AIF before these are employed by competent authorities?
In the hopefully that these provisions are adopted only in extreme circumstances, once applied transparency, predictable and objective criteria, we deem important in this process the dialogue between the competent authority and the AIFM, to avoid the circumstances in which leverage cap could be imposed due misunderstanding of an investment strategy or of the risk created by it.

We deem important that criteria and considerations that drive one authority to impose a limit of leverage of an AIF will be shared between all Regulators in order to maintain a level playing field.

Finally, forcing deleveraging of an AIF have a material impact on investors and a potential impact on the system, it should be allowed to reduce positions within a reasonable period.

6. TRANSPARENCY
Box 106 – Content and format of Remuneration Disclosure
Q64: In general, do you agree with the approach presented by ESMA in relation to remuneration? Will this cause issues for any particular types of AIF and how much cost is it likely to add to the annual report process?
We appreciate ESMA's approach in Box 106 according to which it is up to the AIMF to decide which kind of information disclose in the AIF's annual report with reference to the total remuneration, choosing between the total remuneration of the entire staff of the AIFM, that of those staff involved in the activities of the AIF or the proportion of the total remuneration of the staff of the AIFM attributable to the AIF. In fact, such approach ensures an high degree of flexibility; in the same perspective, we share the proposal to give the AIFM the possibility to decide whether the information should be disclosed at the level of the AIFM itself or at the level of the AIF.

Box 107 – Periodic disclosure to investors
Q67: Which option for periodic disclosure of risk profile under Box 107 do you support? Please, provide reasons for your view.
As regards the definition of "risk profile" which should be disclosed to investors, we prefer Option 1, given that its broadness and flexibility permit to adapt such disclosure to different types of AIF, taking into account their specific peculiarities.

Q68: Do you think ESMA should be more specific on the how risk management system should be disclosed to investors? If yes, please provide suggestions.
We appreciate ESMA's generic approach because it guarantees the possibility to include in the disclosure of risk management system information and details deemed important by the AIFM. Therefore, the said approach is adaptable to all AIFMs' organisational models, without depriving the disclosure of any relevant data which could be useful to investors.

Box 109 – Format and Content of Reporting to Competent Authorities
Q69: Do you agree with the proposed frequency of disclosure? If not, please provide alternative suggestions.
The frequency of disclosure proposed by ESMA seems to be excessively burdening for AIFMs, given the large number of information which should be communicated. Therefore, we suggest to provide a disclosure on an annual basis, in order to avoid disproportionate costs and requirements on AIFMs.

Q71: Do you agree with the proposed reporting deadline i.e. information to be provided
to the competent authorities one month after the end of the reporting period?
The proposal seems to be excessively burdening for AIF that do not invest primarily in financial instruments. In any case we suggest to delay the deadline for technical reason to 35 days after the end of the reporting period. This longer time could permit to give to the Authorities data on the official position hold by an AIF that calculate their NAV on a monthly basis with a lag of 1 month.

We remain at your disposal for any further information or clarification.

The Director General