

Frequently Asked Questions (FAQ)

(version 1, 24 October 2013)

concerning O 1.1. Reporting

Preliminary remarks / objectives :

The aim of these Frequently Asked Questions is to provide additional clarification and guidance on making “O 1.1. reporting”, in order that accurate information is provided that meets the requirements of the regulations and which minimises refusals and re-submissions.

“O 1.1. reporting” is the monthly financial reporting that must be made by undertakings for collective investments (“UCIs”) and specialised investment funds (“SIFs”) to, inter alia, the CSSF (a reference to Table O 1.1. in Annex A of CSSF Circular 97/136, as amended by CSSF Circular 08/348).

The following circulars provide general guidances on the financial information to be provided in the O 1.1. reporting and the standards that must be applied in making the reporting. Careful reading of these circulars is strongly recommended in order to ensure a prompt and seamless handling of the submitted reports.

Circular IML 97/136 (as amended by CSSF Circular 08/348):

Financial information for the IML and Statec

http://www.cssf.lu/fileadmin/files/Lois_reglements/Circulaires/Hors_blanchiment_terro_risme/iml97_136eng_amended.pdf

CSSF Circular 07/310 (as amended by CSSF Circular 08/348):

Financial information to be provided by SIFs

http://www.cssf.lu/fileadmin/files/Lois_reglements/Circulaires/Hors_blanchiment_terro_risme/cssf07_310eng.pdf

CSSF Circular 08/348:

Changes to circulars IML 97/136 and CSSF 07/310

http://www.cssf.lu/fileadmin/files/Lois_reglements/Circulaires/Hors_blanchiment_terro_risme/cssf08_348eng.pdf

Questions and answers :

1. When must the O 1.1. reporting be made?

O 1.1. reports must be delivered each month, on the tenth calendar day of the month following the reference month at the latest, e.g. a report containing the financial information for August must be submitted by 10th September at the latest.

In order for the report to be read automatically by our systems, the reports must be sent using the standardised CSSF identifiers – found on www.cssf.lu under <http://www.cssf.lu/surveillance/vgi/opc/reporting-legal/>. Using the correct identifier also allows the sub-funds and related share classes to be identified as well.

Reports not received, or received after the deadline, reduces the quality of the data being compiled and administrative sanctions may be applied in case reports are not remitted within the time limits and pursuant to the conditions as set out in the regulation.

2. Which currencies and which exchange rates must be applied?

All financial figures – at the sub-fund or share class level – must be reported in the reference currency of the (sub-)fund.

Where the O 1.1. report asks for an exchange rate, the exchange rate of the reference currency of the (sub-)fund against the Euro should be provided.

3. What event triggers O 1.1. reporting?

Basically, any sub-fund or share class that has been activated within the month must make an O 1.1. report by the tenth day of the following month. This reporting must continue to be made as long as the sub-fund or share class is active.

Speaking more technically – and no matter how frequently the NAV (net asset value) is calculated – the very first O. 1.1. report must be sent for the month in which:

- the very first NAV (net asset value) has been calculated; or
- the first effective subscription has been accepted and units issued.

For the sake of clarity, the act of opening and accepting commitments does not trigger reporting, but only when units have been issued as a result.

4. What event triggers the ending of O 1.1. reporting?

Reporting ceases after the month following the closing, liquidation or merger of a (sub-)fund.

The definition of these dates is as follows:

- **closing** – the date from which a (sub-)fund has no longer units in issue and requested to be withdrawn from the list;
- **liquidation** – the date on which the (sub-)fund is put into liquidation i.e. the liquidation process starts (even if the liquidation process is not finished or if any remaining assets need to be liquidated in the ongoing liquidation process and units remain in issue); and
- **merger** – the effective date of the merger.

The last O 1.1. report of (sub-)funds closed, liquidated or merged must contain the following specific figures:

| Type of data | Abbreviation | Data field | Content to be provided |
|----------------------------|--------------|-------------------|--|
| Total Net Assets | TNA | line 110 | 0 |
| Net Asset Values per share | NAVs | line 120 | 0 |
| Performance per share | | line 130 | - 100% |
| Subscriptions | SUBS | line 310 | subscriptions of reporting month |
| Redemptions | REDS | line 320 | redemptions of reporting month + total net assets still in liquidation process at end of reporting month |
| Distributions | DI | lines 510 and 520 | Dividend payments during reporting month |

It should be noted that, in the case of a merger, the **absorbing** (sub-)fund should treat the converted shares of the absorbed (sub-)fund as new subscriptions and should include this amount in its subscriptions for the period on line 310.

5. What to do if the NAV is not yet available when the O 1.1. report must be submitted?

Even if a valid final NAV is not available by the deadline, a report must still be submitted.

However, this must be done in two steps:

1. an O 1.1. report with estimated figures must be submitted by the tenth calendar day of the month following the reference month i.e. the normal deadline. If these estimated figures contain a copy of the figures for total net asset value (line 110) and NAV per share (line 120) of the previous month, then the estimated report must contain the following data:

| Type of data | Data field | Content to be provided |
|---------------------------|-------------------|------------------------|
| Subscriptions/Redemptions | lines 310 and 320 | 0 |
| Distributions | lines 510 and 520 | 0 |
| Performance per share | line 130 | 0 |

2. an O 1.1. report with the final, updated figures must be submitted as soon as those final figures become available.

The sender is responsible for promptly submitting the O 1.1. report, as soon as possible after the final figures have been validated.

6. Is the sender expected to test the O 1.1. report for correctness, completeness, consistency and plausibility before submitting it ?

Yes. A fund's reporting obligation includes the duty to deliver reports that contain correct and complete figure, and which are consistent.

Before submitting the report to the CSSF the sender should perform – at least - the following consistency checks (also described in CSSF circulars 97/136 and 07/310, as amended by 08/348):

6.1. General principles

The evolution of the NAV from one month to the next is summarised in the following formula:

$$\mathbf{TNA (T) = TNA (T-1) + SUBS - REDS - DIS + MV}$$

- Where
- TNA (line 110) is Total Net Assets Value at the end of month T (reporting month) and T-1 (previous reporting month)
 - SUBS (line 310) is Subscriptions occurring during the reporting month
 - REDS (line 320) is Redemptions occurring during the reporting month
 - DIS (line 510) is Distributions occurring during the reporting month
 - MV is the change in market valuation occurring during the reporting month (income and market price effects)

Plausibility checks should be performed between the balancing item (MV) and the performance per share (line 130) before submitting the report to the CSSF.

6.2. Share classes specific principles

In the case of a fully redeemed share class during the reporting month, the redeemed share class has to be included in the O 1.1. report for the last time in the month the redemption occurred, respecting the following rules:

| Type of data | Data field | Content to be provided |
|--|---------------|--|
| NAV per share | line 120 | 0 |
| Performance per share | line 130 | -100% |
| Distributions + Distributions per share | lines 510+520 | Dividend payments during reporting month |

Verification should be made that share classes figures are reported in the reference currency of the related (sub-)fund.

6.3. Subscriptions (line 310) / redemptions (line 320) specific principles

All subscriptions / redemptions amounts, in the currency of the (sub-)fund, have to be reported in the month in which they affect the total net assets value (line 110) of the (sub-)fund.

Any contributions in kind, or contributions due to the transformation of an entity into a UCI or a SIF, have to be reported as subscriptions (line 310).

7. What is the consequence of incorrect or of delayed submission of O 1.1. reports?

The CSSF may by law¹ impose an administrative fine of between EUR 125 and EUR 12,500 in case of non-transmission of financial reports or any requested information, or where such information proves to be incomplete, inaccurate or false.

The CSSF considers that the obligation to submit the monthly O 1.1. report has not been met when:

- the report is not delivered on time (cf. FAQ 1); and/or
- the contents of the report are incorrect; incomplete; or do not comply with the naming conventions or consistency checks laid out in the relevant regulations.

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¹ Article 148 of the Law of 17 December 2010 relating to UCIs and article 51 of the Law of 13 February 2007 relating to SIFs.