

Asset Management Sector Team
Financial Conduct Authority
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By email: cp26-26@fca.org.uk

22 October 2026

Dear Asset Management Sector Team,

RE: UK Private Capital response to CP26/26: Fund Reporting for Asset Management Entities (FRAME)

UK Private Capital is the industry body and public policy advocate for the private capital ecosystem in the UK. With a membership of 600 firms, we represent UK-based private capital firms, as well as professional advisers and a large base of UK and global investors. In our terms, private capital includes private equity, venture capital and direct lending funds within private credit, all of which make long-term investments to grow businesses and support economic growth. Our members invested £25bn into the UK economy in 2025, with the industry now backing 13,000 UK businesses, 90% of which are SMEs. These companies together employ 2.5m people and contribute 7% to UK GDP.

We welcome the opportunity to respond to this consultation outlining proposals intended to make fund reporting more proportionate while increasing the quality and consistency of data reported to the FCA. We support the FCA's ambition of designing a simpler, more proportionate and internationally aligned reporting framework and agree with a number of the specific proposals addressed below.

Where we have recommended changes to the FCA's proposed approach, these are intended to ensure that the new framework delivers its objectives of simpler and more proportionate reporting while providing the FCA with the information it needs for supervision. As the FCA recognises in CP26/26, proportionality requires reporting obligations to reflect the scale of risk. We consider that this principle should inform the design of individual reporting requirements, taking account of the nature of the fund, its investor base and the supervisory value of the information being collected.

This is also important in the context of the FCA's secondary international competitiveness and growth objective. A reporting framework that avoids unnecessary complexity, duplication and divergence from established international standards can help maintain the attractiveness of the UK as a jurisdiction to locate a private capital firm and to raise, market and invest private capital funds:

- **Proportionality and competitiveness:** FRAME should be calibrated to the type, size, activity and risks of different funds, consistent with the FCA's stated objectives, and should avoid imposing unnecessary UK-specific reporting requirements that increase the cost and complexity of managing or marketing funds in the UK. It is particularly important to ensure that requirements designed to address risks specific to retail markets or to open-ended fund structures are not extended to managers of closed-ended, professional-investor-only funds without a clear and correspondingly tailored rationale. We highlight several specific data points where this

recalibration is needed and encourage the FCA to reconsider each proposed data point within the FRAME proposal from this perspective. See our responses to Questions 5, 6, 9, 14 and 23.

- **Alignment with existing frameworks:** We ask the FCA to ensure that key definitions in the proposed rules are aligned as closely as possible with the corresponding definitions already in use under the existing UK and European Union AIFMD frameworks and the UK Companies Act 2006, to avoid unnecessary complexity and duplicative compliance requirements for managers operating across these frameworks. This is particularly important given the parallel reforms to the UK AIFM regime, where consistency between the proposed frameworks will help firms understand and implement their obligations. We also encourage the FCA to recognise existing reporting obligations, including EU AIFMD Annex IV reporting, where possible to avoid duplicative requirements for internationally active private capital firms. See Questions 2, 4, 21, 22, and 25.
- **Performance fee reporting:** We strongly oppose the proposed requirement for funds with only professional investors to disclose performance fee data, given the limited supervisory benefit of collecting this information and the difficulty of presenting complex fee and carried interest arrangements in a meaningful and comparable format. We recommend that the FCA removes this requirement for professional-investor-only funds, as explained in our response to Question 8 below.
- **New notification and reporting requirements:** Appendix 2 proposes a significant expansion of the information firms would be required to provide the FCA through fund notifications and other reporting. These requirements are not addressed by the consultation questions and have not been subject to focused consultation. We therefore ask the FCA to set out the policy rationale for these additional requirements, assess their proportionality and operational implications, consider their competitiveness implications, in particular when compared to processes for launching unauthorised funds in other European markets, and consult separately on new data fields before proceeding with implementation. See Question 32.

A new fund reporting framework

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

We support the FCA's overall approach to proportionality in FRAME, including setting the essential/enhanced reporting distinction by reference to fund-level NAV rather than manager size and the opt-up mechanism that allows firms to elect for enhanced reporting for funds below the £500 million NAV threshold.

We also welcome the FCA's recognition that firms need to manage fluctuations in fund size around the threshold and the proposed "time cushion" before a change in NAV requires a firm to move between reporting tiers. As a drafting point, the rules would benefit from greater clarification on how the "time cushion" is intended to operate in practice and, in particular, whether a fund's NAV must be above or below the £500 million threshold for *two* consecutive reporting periods (i.e. two consecutive quarters for quarterly reporters, or two consecutive years for annual reporters) before the change in reporting tier takes effect or whether, instead, the test operates on a single reporting-period snapshot with only a delayed implementation date. The CP states that "the NAV of the fund on the final business day of the last reporting period will stipulate whether essential or enhanced reporting is required in either two quarters (for those reporting quarterly) or one year (for those reporting annually)" but this could be read

either as a single-point-in-time test with a two-quarter/one-year implementation delay or as requiring the threshold to be breached (or not breached) consistently across that entire cushion period.

Our preference is that a fund moves into enhanced reporting only where its NAV is at or above £500 million at two consecutive reporting period ends, and moves back to essential reporting on the same basis. A fund should be able to return to essential reporting immediately where a material reduction takes its NAV well below the threshold. We would welcome confirmation of the FCA's intention and recommend that the FCA provides worked examples of the kind included in its historic guidance on AIFMD Annex IV reporting frequency (which set out clearly, by reference to illustrative AUM figures and reporting dates, how a change in an AIFM's reporting frequency would be determined and when it would take effect). Equivalent worked examples for FRAME, illustrating a fund's NAV rising above, and separately falling below, the £500 million threshold at different points in the quarterly/annual reporting cycle, and showing precisely when the new (essential or enhanced) reporting requirements would take effect in each scenario, would remove ambiguity for firms operating close to the threshold and would reduce the risk of inconsistent implementation across the industry.

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?

Reporting frequency of 45 days for unauthorised AIFs that are hedge funds

Whilst not directly relevant to our members, they are supportive of a 60-day reporting lag for hedge fund peers within the industry, rather than the proposed 45-days. Our members appreciate that the extension of the lag time for hedge fund peers will give managers sufficient time to compile and validate the more granular FRAME data, and also align the UK reporting timetable with existing U.S. regulatory reporting cycles (i.e., Form PF) which would help globally active managers avoid operating separate reporting timetables for substantially overlapping regulatory exercises.

Reporting frequency of 120 days for unauthorised AIFs that are not hedge funds

Our members broadly support the proposed 120-day reporting period for unauthorised AIFs that are not hedge funds and see it as a reasonable period in which to collate and finalise data. However, our members have noted a practical concern regarding the requirement to report on a calendar year basis. Where a fund's financial year does not align with the calendar year, the fund is already required to calculate and prepare data for its own financial statements and reporting by reference to its financial year-end. Requiring the same fund to produce a separate data set as at 31 December imposes a material additional burden, as the manager must effectively run two parallel reporting processes for different reference dates. We suggest that the FCA considers permitting funds to report by reference to their own financial year-end. This would allow managers to draw on data already prepared for the fund's annual accounts, reducing duplication of effort. If the FCA considers that it requires data aligned to a common calendar year-end for its own purposes, we suggest that the FCA explores whether the use of AI or other data tools could be applied to financial year-end data to derive calendar year-end estimates, rather than requiring each fund to produce bespoke calendar year-end calculations.

Definition of hedge fund

Under the draft rules, one determinant of reporting frequency is the question of whether or not a fund falls within the definition of "hedge fund". The proposed definition of "hedge fund" provides that a fund will be a hedge fund where, under limb (a), it is possible for the performance fee or allocation to be

calculated wholly or partly by reference to unrealised gains and, under limb (b), “it is possible for the exposure of the AIF to be increased by either borrowing cash or securities in an amount in excess of half of the AIF’s NAV or embedding leverage in derivative positions in excess of twice the AIF’s NAV”. In our view, framing limb (b) of the definition around what is merely possible presents a strong risk of capturing funds that are not, in substance, hedge funds. Unless a fund’s constitutional or offering documentation expressly prohibits borrowing or derivative exposure above these levels, it will typically be “possible” for a fund to be leveraged to this extent even if it has no intention of doing so and has never done so in practice. This could bring non-hedge-fund AIFs (including other types of unauthorised AIFs that are open-ended) within the definition simply because their documentation is silent on, rather than expressly prohibitive of, this kind of leverage.

For these reasons, we recommend that the lead-in to the definition of a “hedge fund” carves out “private markets funds”. This will support segregation of types of unauthorised AIFs which can be captured by the definition of a “hedge fund” but are not otherwise considered to be, nor do they operate as, hedge funds (for example, private markets funds such as private credit funds, private equity funds, real estate, or infrastructure funds), and will ensure that each “unauthorised AIF” would only be one type of “unauthorised AIF”.

We further recommend that the FCA amends limb (b) of the definition so that it turns on whether the fund’s *actua*/exposure does exceed these thresholds (measured over a defined period (for example, a 12-month average)), as opposed to whether it is merely possible for this to be the case. This would better align the definition with its intended purpose of identifying funds that in practice exhibit the trading frequency, risk profile and leverage characteristics associated with hedge funds.

In addition, we suggest that a third limb should be added to the definition of “hedge fund”, requiring the fund to use derivatives for investment purposes (as opposed to solely for hedging) to ensure that private markets funds that employ significant leverage (such as real estate or infrastructure funds that periodically employ significant leverage) do not fall within the definition of hedge fund despite bearing no resemblance to a hedge fund in terms of trading frequency, portfolio turnover, or redemption profile.

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?

No comment.

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

We agree with the FCA’s proposed approach of permitting firms to report the same figures to the FCA as they already report to investors, where the FCA does not specify a particular calculation methodology. This is a sensible and proportionate approach that avoids requiring managers to maintain parallel calculation processes solely for regulatory reporting purposes. In this regard, we note that the proposed guidance at SUP 16.36.23 G (1)(b) uses the word “equivalent” to describe the relationship between the information reported to investors and the information reported to the FCA. We suggest that this should be amended to “similar” as the word “equivalent” implies a degree of precision that may not always be achievable where, for example, investor reporting is prepared according to different jurisdictions’ regulatory regimes, and could inadvertently undermine the practical benefit of the flexibility the FCA intends to provide. In addition, we note the use of “should” at SUP 16.36.23 G (1)(b) does not provide the same level of flexibility and proportionality, and suggest that this is amended to “may”.

We would also request that the flexibility be extended such that if the relevant figure is not reported to investors but is reported to another applicable regulator, the manager can choose to use the calculation methodology of the other regulator. This will ease reporting burdens for managers reporting to multiple regulators.

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

We agree with the FCA's overall approach to design FRAME around the principle of proportionality, including the tiered essential/enhanced structure calibrated by fund NAV and the stated aim that "the granularity of reporting requirements should correspond to the size of a fund". We also welcome practical simplifications such as allowing firms to use the same figures they already report to investors where the FCA asks for a number the firm already produces for that purpose. We raise the following specific points of feedback:

Proportionality for closed-ended funds with only professional investors

We encourage the FCA to carefully consider and ensure that reporting obligations designed to provide the FCA with visibility to address concerns that relate to retail markets are not, in practice, extended to private markets funds without a clear and meaningful rationale. Proportionality should operate not only with respect to fund size (the £500 million NAV threshold) but also with respect to the fund features that give rise to the risks the FCA is seeking to monitor, such as whether a fund is open-ended or closed-ended and whether it is marketed only to professional investors or also to retail investors. We have highlighted several specific instances of this concern elsewhere in this response, including: the requirement for funds with only professional investors to disclose performance fees, notwithstanding that such funds are not subject to fair value assessment obligations; the requirement for closed-ended funds to calculate and report unencumbered highly liquid assets data, notwithstanding that the underlying rationale for that data point is the risk of unexpected redemptions, which cannot arise where no redemption right exists; and the requirement for closed-ended loan origination funds to report loan quality and stress data, notwithstanding that the FCA's stated rationale for that data point is the risk of funds "limiting redemptions due to stress", which is similarly inapplicable to closed-ended structures. We ask that the FCA reviews the framework design thoroughly and holistically with this distinction in mind.

Duplicative reporting frameworks for funds subject to EU AIFMD reporting

We would also encourage the FCA to consider how it can minimise the burden of duplicative reporting for funds that are already subject to Annex IV reporting obligations in the EU under EU AIFMD. This concern relates to reporting both for UK funds and for non-UK funds that are marketed into the UK under the national private placement regime (NPPR). Annex IV reporting operates as a single, harmonised reporting standard across the entire EU. This means that, from a reporting perspective, the incremental cost of marketing into an additional EU member state is negligible. If the FCA does not accept Annex IV reports and instead requires a separate, parallel reporting exercise through FRAME, the UK becomes a clear outlier, in which a manager faces a materially different and additional reporting burden on top of the Annex IV obligations it already satisfies. For a manager deciding where in Europe to market its funds, this creates a significant and unnecessary competitive disadvantage for the UK.

To address this, where a firm already files an Annex IV report in the EU, we suggest that the FCA should accept that report in satisfaction of the firm's FRAME reporting obligations, rather than requiring the firm to complete a separate and substantially overlapping reporting exercise. We recognise that there may be

a limited number of data points that the FCA now wishes to collect through FRAME that are not captured within the existing Annex IV report. To the extent that a gap exists on a data point that the FCA considers to be critical, we suggest that the FCA permits firms to submit their Annex IV report together with a short supplementary "top-up" form covering only those additional critical FRAME data points. We would expect those additional data points to be limited in number, and we encourage the FCA to identify and publish the specific fields that would require supplementary reporting so that the industry can assess the incremental burden with precision. This approach would significantly reduce the incremental burden of UK reporting for cross-border funds, ensure that the FCA still receives the data it requires for its supervisory purposes and avoid the unintended consequence of the UK's reporting framework acting as a deterrent to fund managers who might otherwise market their products to UK investors.

Proportionality for funds marketed into the UK under the NPPR

We also encourage the FCA to consider the proportionality of imposing full FRAME reporting obligations on funds that are marketed into the UK under the NPPR but that have no UK investors or only a minimal proportion of their NAV attributable to UK investors. For such funds, the compliance cost of full UK reporting may be disproportionate to the FCA's supervisory interest in the fund, given the limited or negligible UK investor exposure. Such funds are also likely subject to systemic risk reporting in their home country. There is therefore a real risk that subjecting these funds to the same reporting burden as funds with a substantial UK investor base will discourage managers from marketing into the UK under the NPPR, thereby limiting the range of investment opportunities available to UK investors.

We suggest that the FCA considers introducing a more proportionate threshold, either an absolute amount or a percentage of these funds' NAV derived from UK investors, below which the fund would be exempt from FRAME reporting or subject only to a reduced set of reporting obligations. For example, a threshold based on the proportion of a fund's NAV attributable to UK investors could preserve the FCA's visibility of funds with meaningful UK investor participation while avoiding a disproportionate reporting burden and deterrent to cross-border marketing activity.

Approach towards master-feeder structures

The proposed approach to master-feeder fund structures, under which a feeder fund is excluded from reporting where the FCA receives reporting about the master fund, may be problematic where the feeder fund is a third party feeder fund managed by a different AIFM to the master fund. In such cases, the AIFM of the master fund would need to obtain data from the AIFM of the feeder fund in order to report on its behalf, which may not be straightforward in practice, particularly where the two managers do not share common systems or have no contractual obligation to share such data. We suggest that the FCA provides AIFMs with the option of whether to collate reporting for master and feeder funds on a consolidated basis or to report separately at each fund level, so that the approach can be adapted to the commercial and operational realities of the structure in question.

Ability to insert explanatory comments

Separately, we suggest that the FCA includes, alongside the structured yes/no, multiple-choice and numerical fields proposed throughout the form, a free-text box permitting managers to insert explanatory comments. We appreciate that binary and format-constrained fields assist the FCA to obtain data that is easily comparable across funds. However, managers will be concerned with ensuring that the data they provide is accurate and not misleading, which may necessitate the ability to provide explanatory comments alongside responses. Without such an ability, managers may be forced either to select the closest-fitting

but imprecise structured answer or to attempt to convey necessary context outside the form itself. We recognise that free-text fields have historically been difficult to process at scale, but advances in artificial intelligence and natural language processing now make it significantly more practicable to review, categorise and extract useful data from explanatory comments. We encourage the FCA to take advantage of these capabilities in designing the FRAME reporting interface.

Implementation timeframe

We urge the FCA to allow a sufficient implementation period between publication of the final rules and the date on which the first reporting obligations take effect. The operational uplift required to comply with the FRAME reporting framework should not be underestimated. Managers will need to build or reconfigure data collection and reporting systems, establish new internal controls and governance processes, negotiate with administrators and other service providers and train staff. For many firms, particularly those managing private market funds where data is not readily available in standardised form, this will represent a significant programme of work. A compressed implementation timeline risks undermining the quality of the data submitted in early reporting periods and placing a disproportionate strain on firms' operational resources. We encourage the FCA to engage with industry on a realistic timetable that reflects the scale of work required.

Essential reporting requirements

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

As an overarching point, we request that the FCA reconsiders the extent to which data fields in the essential reporting requirements form should apply to funds that are closed-ended or that have only professional investors. In particular, our members' view is that performance and liquidity data should only be required to be reported in respect of open-ended funds or funds that have retail investors. The rationale for collecting such data in respect of closed-ended, institutional-only funds is unclear: these funds do not present the same redemption risks or investor protection concerns that would justify the burden of compiling and reporting performance and liquidity metrics. Unless the FCA is able to articulate a strong supervisory rationale for requiring this data from closed-ended, professional-investor-only funds, we would ask that these reporting fields be limited to open-ended funds and funds with retail participation.

We also wish to raise four specific drafting points on the essential reporting requirements, as currently proposed:

1. The meaning of "leverage for investment purposes"
2. Derivatives reporting triggered by leverage for investment purposes
3. Apparent duplication within SUP 16 Annex 63.2R
4. Inconsistency between the proposed Glossary definition of "asset management entity" and SUP 16.36.1G(2)

The meaning of "leverage for investment purposes"

The essential reporting requirements use the concept of "leverage for investment purposes" as a trigger for certain reporting obligations. However, the rules do not define "leverage for investment purposes". In the absence of a clear definition, there is a risk that the concept will be read broadly enough to capture short-term borrowing such as bridging loans and other fund-level borrowing facilities that are not, in substance, used for investment purposes, such as NAV facilities and subscription line facilities. These

facilities are typically used to provide short-term liquidity at fund-level rather than to increase the fund's economic exposure to investments. We suggest that the FCA provides a definition of, or guidance on, the meaning of "leverage for investment purposes" that explicitly excludes short-term borrowing, NAV facilities and subscription credit lines from its scope. Of note, the FRAME definition of "leverage" omits the AIFMD Level 2 Regulation nuances that currently exclude temporary borrowing arrangements. Without this clarification, firms operating funds that employ these commonplace financing arrangements may be required to complete additional reporting fields that are not relevant to the risks the FCA is seeking to monitor, creating an unnecessary compliance burden.

Derivatives reporting triggered by leverage for investment purposes

Under the proposals as currently drafted, the use of leverage for investment purposes appears to trigger the full suite of derivatives reporting requirements. We consider this approach to be too broad. The derivatives reporting fields are designed to capture data relevant to the risks arising from derivatives usage and it does not follow that a fund that employs leverage for investment purposes (for example through borrowing) will also use derivatives in a manner that gives rise to such risks. We suggest that the FCA separates the derivatives reporting trigger from the leverage trigger and specifies that derivatives reporting is required only where the fund itself uses derivatives for investment purposes. This would ensure that the derivatives data collected by the FCA reflects genuine derivatives risk rather than capturing funds whose only connection to the derivatives reporting fields is their use of leverage.

Apparent duplication within SUP 16 Annex 63.2R

SUP 16 Annex 63.2R sets out "general information" that must be reported. Limb (2) of this provision requires disclosure of the Legal Entity Identifier (LEI) of the AIFM or operator of the fund where that AIFM or operator is an authorised person, while limb (3) requires disclosure of the same information where the AIFM or operator is *not* an authorised person.

On our reading of the draft text, limbs (2) and (3) appear to call for the same underlying data point, namely the LEI of the AIFM or operator of the fund, with the only distinction being the authorisation status of that person. We do not see why the authorisation status of the AIFM or operator should require the same disclosure obligation to be set out twice, rather than as a single limb requiring the LEI of the AIFM or operator of the fund (regardless of its authorisation status). Against that background, we would ask the FCA to clarify the intended distinction between limbs (2) and (3) of SUP 16 Annex 63.2R, and, if no substantive distinction is intended, to consolidate them into a single limb requiring the LEI of the AIFM or operator of the fund. This would remove an unnecessary duplicate reporting field and avoid ambiguity for firms completing the return.

Inconsistency between the proposed Glossary definition of "asset management entity" and SUP 16.36.1G(2)

We note that the proposed Glossary definition of "asset management entity" differs from the definition of the same concept in SUP 16.36.1G(2). SUP 16.36.1G(2) limits its reference to UCITS management companies to *UK* UCITS management companies whilst the Glossary definition does not appear to contain the same restriction. In addition, certain limbs of the definition appear in a different order between the two provisions. It is unclear whether these discrepancies are deliberate or inadvertent. If the FCA intends a substantive difference in scope between the two provisions, then distinct definitions should be used and the rationale for the distinction explained. If no substantive difference is intended, we suggest that the

FCA aligns the two provisions so that the same definition is used consistently throughout the rules, avoiding uncertainty for firms as to which version governs their reporting obligations.

Enhanced reporting requirements

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?

Client categorisation and investor data

We do not agree with the proposals to collect client categorisation and investor data information. This is because the FCA has been consulting on client categorisation under a separate consultation paper (CP25/36), and that consultation has not yet concluded. We would recommend that the FCA concludes that consultation before further consulting on client categorisation. In addition, we do not believe that the routine collection of this information through enhanced fund reporting is necessary or proportionate and could be more appropriately examined through thematic reviews rather than regular annual/quarterly reporting.

If the FCA disagrees and proceeds with its proposal to collect client categorisation and investor data, we wish to raise a specific comment regarding clarity of the scope of these requirements, as currently drafted. The essential reporting requirements ask firms to confirm whether the fund is “marketed” to UK investors and the enhanced reporting requirements separately ask firms to confirm whether the fund is “marketed” to UK investors and the jurisdictions in which the fund is “marketed”. Each of these fields therefore turns on the meaning of “market” or “marketing”, which the FCA proposes to define for FRAME purposes in new SUP 16 Annex 62.

The definition of “market” proposed in SUP 16 Annex 62.2 R is not aligned with the definition of marketing used elsewhere in the current UK AIFMD regulatory framework, nor with the definition proposed by HMT in its parallel consultation on the new UK AIFM Regulations. Under regulation 45 of the Alternative Investment Fund Managers Regulations 2013, an AIFM markets an AIF only where it makes “a direct or indirect offering or placement” of units or shares of the AIF to an investor, or where another person makes such an offering or placement “at the initiative of, or on behalf of, the AIFM”. This “at the initiative of, or on behalf of” qualification is a fundamental feature of the current marketing concept: it distinguishes marketing by or on behalf of the AIFM (which triggers notification and passporting requirements) from marketing that is unsanctioned by the AIFM and from reverse solicitation, neither of which constitute marketing in these terms. HMT’s consultation on the new UK AIFM Regulations alters the definition of marketing but retains the necessity for offerings to be made “at the initiative of, or on behalf of, the AIFM” in order to constitute marketing.

The definition of “market” proposed in SUP 16 Annex 62 does not perfectly mirror the definition used under the current UK AIFMD framework, nor under HMT’s proposed revisions and, crucially, does not carry forward the requirement that the relevant offering or placement be made at the initiative of, or on behalf of, the fund manager. On its face, this would give the FRAME reporting definition of “market” a materially wider scope than the substantive marketing concept used elsewhere in the AIFM Regulations and as proposed in HMT’s parallel consultation.

This divergence creates two difficulties. Firstly, it requires fund managers to apply two different tests to determine whether they are “marketing” to a given investor or in a given jurisdiction, depending on whether the question arises for notification and passporting purposes or for FRAME reporting purposes,

adding unnecessary complexity to an area that is otherwise well understood by managers under the current regime. Secondly, it risks distorting the investor and jurisdiction data that the FCA receives, since managers may be required to report investors and jurisdictions reached only through acts of unaffiliated third parties or reverse solicitation as though they reflected active marketing activity by the fund, when the current regulatory position is that such investors and jurisdictions are not treated as having been marketed to at all. To resolve this, we suggest that the FCA aligns the definition of “market” in SUP 16 Annex 62 with the definition of marketing in regulation 45 of the Alternative Investment Fund Managers Regulations 2013 and as proposed in HMT's consultation on the new UK AIFM regime, including reinstating the requirement that the relevant offering or placement be made at the initiative of, or on behalf of, the fund manager.

In addition to the point above, our members have confirmed that not all firms currently collect client categorisation and investor data of the type contemplated by the enhanced reporting requirements and that, where such data is collected, it is often based on reasonable assumptions rather than verified records. If this requirement is to be retained, we encourage the FCA to insert guidance into the FCA Handbook confirming that firms may satisfy their reporting obligations on the basis of reasonable assumptions, to prevent this requirement from becoming a disproportionate additional data gathering exercise for firms without commensurate supervisory benefit to the FCA.

We also note that difficulties may arise in master-feeder structures where the feeder fund is managed by a third party AIFM. In such cases, the AIFM of the master AIF will not have visibility over, or control of, the client categorisation and investor data held at the feeder fund level. The AIFM of the master AIF should not be placed under an obligation to obtain, or become responsible for the accuracy of, investor data in respect of a feeder fund that it does not manage. As noted in our response to Question 5, in these instances we recommend that the FCA permits the AIFM of the feeder AIF to report separately, if preferred by the parties.

Finally, we suggest that the FCA implements a carve-out from the client categorisation and investor data requirements for listed funds. Where a fund's units or shares are admitted to public trading, the fund manager will typically not have the same visibility over the identity of investors purchasing interests as that obtained by the managers of funds distributing their products via private placements. We therefore recommend that listed funds are excluded from the client categorisation and investor data reporting requirements, or that the FCA at a minimum acknowledges the practical limitations that apply to listed fund structures and confirms that managers of such funds will not be expected to report data that is not available to them.

Dealing terms and investor rights

Separately, while this point is not directly addressed by the consultation question, we consider that the dealing terms and investor rights reporting section within the enhanced reporting requirements should be limited to open-ended funds. The dealing terms and investor rights fields, which capture data on redemption terms, notice periods, lock-ups, gates, and similar liquidity management mechanisms, are designed to give the FCA visibility over the liquidity mismatch risk that can arise where investors have the right to redeem their interests while the fund holds illiquid assets. This risk is inherent to open-ended fund structures and does not arise in the same form in closed-ended funds, where investors commit capital for the life of the fund and have no contractual right to redeem on demand. We suggest that the FCA restricts this reporting section to open-ended funds or, at minimum, explains the supervisory rationale for extending it to closed-ended structures where the underlying liquidity mismatch risk does not exist. If the

section is retained for closed-ended structures, our members have requested a clearer ability to mark that there is simply no redemption right in relation to the questions on redemption.

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

We disagree with the proposed requirement for fund managers of funds with only professional investors to report performance fees under the Fees section of the enhanced reporting requirements. We recommend that the FCA removes this requirement for professional-investor-only funds, given the limited supervisory benefit of collecting this information and the difficulties of presenting private capital fee arrangements in a meaningful or comparable format.

CP26/26 explains that the FCA proposes to collect fee structure information, including performance fees and carried interest, “to help us understand how firms are remunerated and how fee structures may interact with fund strategy, valuation, performance and investor outcomes”. This rationale is closely tied to investor protection concerns that are most acute when retail or unsophisticated investors are exposed to potential value for money or conflict of interest risks. CP26/26 further notes that improved fund data reporting is intended, among other things, to help identify “poor value products” and risks to consumer outcomes.

However, in CP26/23, the FCA has proposed clarifying that the Consumer Duty and, in particular, its price and value outcome, are not intended to apply to relationships between counterparties with no clear link to retail outcomes because wholesale markets are “typically comprised of sophisticated counterparties who are well placed to negotiate and manage risks, without the asymmetries the Duty was designed to address”. Funds that admit only professional investors fall squarely within this description. Because these funds and their managers are not subject to fair value assessment requirements in the first place, the primary rationale that the FCA identifies for performance fee data (i.e. assessing whether fee structures deliver fair value to end investors) has materially less relevance. Requiring granular performance fee disclosure for professional-investor-only funds therefore imposes a reporting burden that does not correlate to a corresponding regulatory need, in direct contrast to FRAME's stated principle of proportionality.

Additionally, we do not consider that the proposed method of obtaining performance fee data is a workable or meaningful data point for private funds. Performance fees and carried interest in private equity, private credit, real estate, infrastructure and other private market structures are typically not a flat fixed rate percentage charge, as contemplated in the FRAME reporting template. Instead, in contrast to retail funds, they are typically generated through a payment waterfall, commonly involving return of capital together with a preferred return to investors, followed by a general partner catch-up tranche, followed by a further split on remaining profits, which itself is frequently subject to clawback provisions. The result is that the performance fee varies significantly depending on fund performance, the point in the fund's lifecycle and the specific mechanics of the waterfall which cannot be accurately reduced to a single reported percentage without material loss of information or a misleading degree of simplification. Requiring such a figure could therefore produce inconsistent or potentially misleading data, rather than the meaningful and comparable information that the FCA is seeking to collect. We note that the consultation paper itself elsewhere acknowledges the complexity of private fund charging structures by proposing, for share class fee reporting, to collect data only on whether a performance fee or carried interest applies rather than “detailed performance fee rates, hurdle calculations or other complex charging formulae”. We consider the

same logic should extend to the Fees section for professional investor funds, given the equivalent complexity involved.

More fundamentally, fee information is not a systemic risk metric, and other regulators take the same stance (e.g., neither Annex IV nor Form PF collects fund fee information). In addition, the same information is already collected through the NFUM process under SUP 15 Annex 15.55R and 15.57R, and changes must already be notified under SUP 15 Annex 16.29R, thus making SUP 16 Annex 64.9R duplicative. Our primary position is that SUP 16 Annex 64.9R should be deleted. Failing that, we strongly urge the FCA to limit the performance fee disclosure requirement such that it applies only to UCITS schemes and non-UCITS retail schemes, consistent with the more proportionate, risk-targeted approach that the FCA has adopted elsewhere in the consultation paper.

Separately, for funds that would remain in-scope of the requirement to report on fees, the FCA confirms at paragraph 5.15 that fee data can be reported for the largest share class by NAV unless another share class is more representative of the fund's charging structure. We recommend that the FCA provides illustrative examples of the situations in which another share class may be more representative of the fund's charging structure to ensure that the FCA's proposal here is correctly interpreted by firms.

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?

We have no comments on the characterisation of unencumbered highly liquid assets. However, we do not agree that the requirement to report unencumbered and highly liquid assets should be applied uniformly across all fund types. We consider that only funds which permit investors to redeem without the manager retaining discretion as to whether a given redemption request may proceed, i.e. truly open-ended funds, should be required to calculate and report unencumbered highly liquid asset data.

The FCA's rationale for this specific reporting requirement is that it is intended to capture cash and near-cash resources that would be "readily available to pay immediate liabilities, such as unexpected redemptions or margin calls" and, more broadly, that liquidity data is essential to understanding "whether a fund can meet redemption requests as they fall due and continue to operate in an orderly way." This rationale is inherently tied to the risk of a liquidity mismatch arising where a fund offers investors the ability to redeem on demand or at short notice while holding assets that cannot readily be converted to cash.

This rationale is irrelevant to truly closed-ended funds. Where a fund does not offer investors any right to redeem prior to the fund's termination or a liquidity event, there is no possibility of an "unexpected redemption" that the fund would need immediately liquid assets to meet. Many closed-ended funds are structured such that investors realise their investment by trading fund interests in the secondary market rather than by redeeming against the fund itself, meaning the fund is never called upon to fund redemptions. Requiring these funds to calculate and report this data point would therefore not serve the stated purpose of monitoring redemption-driven liquidity risk and would instead impose a reporting burden that is not correlated to any corresponding risk, contrary to the proportionality principle that the FCA states underpins the wider FRAME framework.

We therefore suggest that the FCA limits the requirement to calculate and report unencumbered highly liquid assets to funds that permit redemptions without manager discretion as to whether or not to accept that redemption request, i.e. to truly open-ended funds. If the ability of private funds that are only

marketed to professional investors to meet margin calls is of significant concern to the FCA, reporting could be limited to those funds that post margin.

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?

No comment.

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 agree with the FCA's proposal to limit share class data reporting to UK UCITS and NURS funds. While share classes are a structural feature of many retail-facing authorised funds, private and other unauthorised funds do not typically use the multi-class structure that this reporting is designed to capture.

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

No comment.

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

We agree that holdings reporting should be limited to UK UCITS and NURS. Standardised holdings data is best suited to funds investing in listed and other readily identifiable securities of the kind typically held by UK UCITS and NURS, where a consistent holdings template can be applied across the key assets held by the fund. Funds outside the UCITS and NURS population typically have a wider range of asset profiles, for which an equivalent reporting approach is significantly less workable.

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?

While we understand the rationale for collecting granular exposure data broken down by asset class and instrument type for funds with complex, multi-asset or traded portfolios, we do not consider that this approach is proportionate for funds pursuing a private equity investment strategy. Private equity funds typically hold concentrated portfolios of unlisted equity investments. Their exposure profile is straightforward: it consists overwhelmingly of unlisted equity positions. Requiring these funds to complete detailed breakdowns by instrument type, or to report standardised rates and credit exposures, would impose a reporting burden that appears disproportionate to the complexity of the portfolio. We suggest that the FCA exempts funds with a private equity investment strategy from the granular exposure reporting requirements or, at a minimum, provides a simplified reporting template for such funds that reflects the nature of their holdings without requiring them to populate fields designed for traded or multi-asset portfolios.

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

No comment.

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

We support the FCA's proposed approach of collecting concentrated position data at entity rather than individual security 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?

We do not agree with the proposed approach to the extent that it draws funds with simple borrowing arrangements into the counterparty exposures reporting merely because those funds use leverage for investment purposes. The counterparty exposures reporting fields appear to be designed to capture risks arising from derivatives activity, such as margin arrangements. These risks do not arise where a fund employs leverage solely through straightforward borrowing without entering into derivatives transactions for investment purposes. In our view, the trigger for the counterparty exposures reporting should be the use of derivatives for investment purposes, not the use of leverage for investment purposes, and we suggest that the FCA amends the rules accordingly so that funds employing only simple borrowing arrangements are not required to report under this section.

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?

Please refer to our response to Question 17, which applies equally here.

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

No comment.

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.

No comment.

Private market fund reporting

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

With respect to the private market fund reporting generally, and not limited to private market valuation practices, we have three comments on the definition of "private market fund". Firstly, the definition as currently drafted appears to capture funds investing in infrastructure and real estate without expressly qualifying those asset classes as *unlisted* infrastructure or real estate. This means that a fund holding listed infrastructure equities or listed REITs could, on a literal reading, fall within the private market fund classification. We suggest that the definition be clarified to confirm that infrastructure and real estate are captured only where the fund's exposure is to unlisted or privately held assets, consistent with the policy intent of the private markets reporting regime. Secondly, the definition appears to be linked to a fund's

actual investments at the reporting date rather than to its investment policy. This creates a risk that a fund which is a private markets fund could temporarily fall outside the definition if it undertakes a small number of public-to-private transactions that result in it holding listed securities for a transitional period. Conversely, a fund that is not designed as a private markets fund could inadvertently be drawn into the classification by virtue of a single large public-to-private transaction. We suggest that the FCA provides clarification on these points. Thirdly, “predominantly” in the definition of a “private market fund” is undefined, as are the private equity, private credit, infrastructure and real estate sub-categories. We ask the FCA to confirm that managers may classify funds by reference to the investment strategy disclosed to investors.

With respect specifically to reporting on valuation practices, our members do not object to confirming whether or not a fund uses a third party valuer as part of its valuation process but would strongly encourage the FCA not to treat the absence of a third party valuer as an automatic indicator of poor practice or inadequate governance. Many private equity sponsors do not use third party valuers for legitimate and well-considered reasons and a fund may fully meet the FCA's expectations around robust valuation processes through other means. We would ask the FCA to ensure that the data collected on third party valuer usage is assessed in context and that firms which demonstrate robust internal governance arrangements will not be subject to adverse supervisory inferences solely because they do not engage an external valuer.

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 broadly agree with the approach of using the act of loan origination as the trigger for loan origination reporting. However, we recommend two alterations regarding the relevant definitions, as currently drafted.

Firstly, the proposed definitions of “originated loan” and “loan origination fund” do not precisely mirror the correlating definitions adopted in AIFMD II (Directive (EU) 2024/927). As an example, the FCA's proposed definition of “loan origination fund” refers to a fund that “has an investment strategy that is **mainly based on the use of** originated loans”, whereas the AIFMD II definition refers to funds “whose investment strategy is **mainly to originate** loans”. In our view, the difference between the FCA's proposed definitions of “originated loan” and “loan origination fund” and the corresponding definitions under AIFMD II is not immaterial. To achieve the FCA's stated aim of ensuring alignment with the AIFMD II definition, the definitions should be mirrored more precisely. Divergence between the two creates unnecessary complexity for fund managers whose compliance and reporting infrastructure will otherwise be aligned with the AIFMD II standard and is unlikely to serve any meaningful UK supervisory purpose.

Secondly, it should be clarified that the definition of “originated loan” is not intended to capture loans used purely for the purposes of structuring or downstream financing within an investment structure. It is common in private equity, private credit, infrastructure and real estate fund structures for the fund, or entities within its holding structure, to use intra-group loans for the purpose of passing capital down to the entity that will acquire the underlying assets in which the fund will invest (i.e. the “BidCo”, in a typical private equity structure) or to the portfolio companies or assets themselves, such as where a holding company or intermediate vehicle on-lends subscription proceeds to an operating entity below it. These arrangements are not credit-extension activities in any meaningful sense; they are simply finance structuring mechanisms through which cash is downstreamed via debt as opposed to equity. Including them within the definition of loan origination would mischaracterise the nature of the relevant funds,

provide a misleading impression to the FCA of the number and nature of funds that are “loan origination funds” and subject these funds to loan origination reporting obligations for which their activities do not provide relevant data. We recommend that the FCA includes explicit guidance, whether in the rules themselves or in accompanying guidance, confirming that intra-group or structural downstreaming loans of this kind are not within the meaning of the term “originated loan”.

Separately, in respect of the alternative 50% of NAV limb of the “loan origination fund” definition, we would support removing, or converting what it means to have an investment strategy “mainly” based on the use of originated loans into guidance. Without that change, a fund could move in and out of the category as loans are drawn, repaid or diluted by other investments, triggering repeated re-notifications. For example, where a fund's strategy involves both loan origination and other types of investments, if it originates a loan near the start of its life, it may be a “loan origination fund” because it has originated loans which temporarily exceed 50% of the NAV at that time, but further investments may later cause the notional value of the originated loan relative to the overall NAV of the fund to fall below the 50% threshold.

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

We consider that reporting on these points should be limited to funds that permit investor redemption without absolute manager discretion, i.e. truly open-ended funds.

The FCA's stated rationale for collecting loan quality and stress data is that “the quality of loans originated by funds is a primary determinant of investor outcomes, and some investors have seen poor outcomes with funds limiting redemptions due to stress.” This rationale reflects the risk that a fund facing a deteriorating loan portfolio may need to limit or suspend investor redemptions in response to that stress. Where a fund is truly closed-ended and investors have no ability to redeem against the fund prior to its scheduled wind-down, there is no possibility of the fund “limiting redemptions due to stress” because there is no redemption right to limit. The harm the FCA is seeking to address through this data collection (investors being taken by surprise by a manager's decision to restrict redemptions in response to a stressed loan portfolio) therefore does not arise for closed-ended loan origination funds, irrespective of how the underlying loan portfolio performs.

We recognise that loan quality and stress may still be a relevant consideration for closed-ended funds from an investment performance perspective, but that is a different concern from the investor protection rationale the FCA has articulated for this specific reporting requirement and one that is already addressed through the portfolio and valuation data the FCA proposes to collect from private market funds more generally. Requiring closed-ended loan origination funds to compile and report the same granular stress and quality metrics as open-ended funds would therefore impose a reporting burden that does not correspond to the specific risk the requirement is designed to capture, contrary to the proportionality principle underpinning FRAME.

We therefore suggest that the FCA limits the loan quality and stress reporting requirements to loan origination funds that permit investor redemption without absolute manager discretion (i.e. open-ended funds) and excludes truly closed-ended loan origination funds from this aspect of the private markets reporting section.

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

No comment.

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

As a threshold matter, we question the proposal to require dominant influence reporting. Where a portfolio company falls within the FCA's regulatory perimeter (for example, because it is itself an authorised person) the FCA will already obtain visibility over any change of ownership through the existing change of control regime under Part XII of the Financial Services and Markets Act 2000. In those cases, dominant influence reporting in FRAME would be both duplicative and would not provide the FCA with any material information over and above that provided through the detailed change of control process. Where a portfolio company does not fall within the FCA's regulatory perimeter, we question the rationale for requiring reporting when the FCA would not have supervisory powers over the portfolio company and when the link to the FCA's objectives is unexplained by the FCA. To the extent that there is an indirect benefit (for example, enabling the FCA to monitor the activities and risk profile of the AIFM itself), the FCA will already receive substantial information about fund holdings and investment activity through the broader FRAME reporting requirements and the notification requirements in respect of the acquisition of control of non-listed companies will be retained under HMT's proposed draft of the Alternative Investment Fund Managers Regulations 2026. We would welcome clarification from the FCA as to the specific supervisory use case that justifies the inclusion of dominant influence reporting within FRAME and, in particular, how the FCA has actively relied upon this data, which has been reported for over a decade under the existing AIFMD reporting regime, to advance its statutory objectives.

To the extent that retention of dominant influence reporting can be robustly justified by direct reference to the FCA's objectives and use that the FCA has actively been making of this data since the introduction of this requirement over a decade ago, we agree with the FCA's proposed approach of aligning the dominant influence test with the Companies Act 2006 concept of a parent/subsidiary relationship, as this is a well-established and familiar standard for fund managers under existing AIFMD reporting. We also agree with the FCA's proposal to limit dominant influence reporting to the entity that has "a direct relationship to the fund", assuming this is intended to mean that, if a private equity fund acquires a group, reporting is limited to the topco directly acquired by the fund rather than extending to companies further down the acquired group's own corporate chain.

We raise two related drafting points to ensure the rules achieve this intended effect.

Firstly, the proposed definition of dominant influence does not precisely reproduce the test in section 1162 of the Companies Act 2006, notwithstanding that paragraph 6.17 of the consultation paper describes the existing reporting as based on "the relevant criteria set out in section 1162". For example, the statement that the fund "owns more than half of the voting rights" in the FCA's proposed definition differs from section 1162(2)(a)'s wording of "holds a majority of the voting rights" and it is unclear whether "owns" is intended to require legal ownership as opposed to simply holding or controlling the relevant voting rights (which section 1162 addresses separately via the attribution rules in Schedule 7). Similarly, the reference to the fund being able to "appoint or remove most of the board" differs from section 1162(2)(b)'s wording of having "the right to appoint or remove a majority of its board of directors", the reference to a "formal contract" giving the right to exercise dominant influence differs to section 1162(2)(c)(ii)'s reference to a "control contract" (which paragraph 4 of Schedule 7 of the Companies Act 2006 defines specifically as a contract in writing, of a kind authorised by the subsidiary's own articles, and permitted by the law under which the subsidiary is established) and the reference to the fund controlling 'a majority of votes through an agreement with other shareholders' omits the word "alone" that appears in section 1162(2)(d). We

suggest that the FCA considers whether these differences in wording are intended to alter the substance of the underlying test, and if not, aligns the drafting more precisely with the equivalent language in section 1162 or simply cross-refers to the relevant elements of that definition.

Secondly, the proposed definition does not clearly achieve the FCA's stated intention of limiting reporting to entities with a "direct relationship to the fund". Section 1162(5) of the Companies Act extends parent status down a chain of subsidiaries by specifying that a parent undertaking is treated as the parent of any undertaking of which its own subsidiary is, or is treated as, a parent. While the FCA's proposed definition of dominant influence omits this limb, simply omitting an express restatement of this aspect of section 1162 from the FCA's proposed definition does not, in our view, clearly exclude it, because the FCA's proposed definition separately provides that dominant influence can be satisfied "directly or indirectly". This "directly or indirectly" language is capable of being read as reintroducing the look-through analysis that paragraph 6.18 of the consultation paper indicates the FCA wishes to avoid, as a fund's indirect voting control or board appointment rights over a second- or third-tier subsidiary (arising via its control of the topco) could arguably fall within limbs (1) to (5) on an indirect basis. Due to the FCA's clear statement in paragraph 6.18, we do not think this is the FCA's intended reading, but the current drafting does not put this beyond doubt.

We suggest that the FCA makes the intended scope clear by confirming, either in the definition itself or in accompanying guidance, that the "directly or indirectly" language is intended only to capture the topco acquired by a fund, and not to extend the dominant influence test to any company further down the topco's own subsidiary chain.

We also suggest that the FCA considers its preferred approach to situations in which the topco acquired by the relevant AIF is a non-UK company that is the parent of a group that contains UK companies. In those circumstances, if reporting is extended to cover the UK companies that are only indirectly held by the fund via the topco, we would expect such reporting to be limited to only the 'top' UK company within the portfolio group and not to extend to all UK subsidiaries, consistent with the FCA's intention outlined in paragraph 6.18.

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

No comment.

Other changes to reporting requirements

We note that no specific question has been included in respect of the new annual report, details of which are set out in paragraphs 7.9 to 7.14 of the consultation paper, together with the new proposed SUP 16 Annex 67.

Proposals for reporting by MiFID investment firms, including CPMI firms

We question the rationale for introducing an entirely separate reporting framework for MiFID firms rather than incorporating these data requirements into the existing reporting obligations that such firms already satisfy. MiFID firms are already subject to a range of periodic regulatory reporting requirements to the FCA and it is not clear why the data the FCA wishes to collect under Annex 67 could not be incorporated into those existing reporting channels. Introducing a standalone reporting obligation creates an additional compliance workstream, with its own internal controls, governance and assurance processes, that could be avoided if the FCA were to collect the same data through the reporting frameworks already in place.

We encourage the FCA to explain why existing reporting mechanisms are not considered sufficient and, where possible, to consolidate these requirements into existing reporting obligations rather than layering a new regime on top of them.

Secondly, we are concerned that the scope of the reporting requirement under rule 67.2(1) is unnecessarily broad. As currently drafted, the rules appear to require all derivatives and investments in portfolios managed by the segregated portfolio manager to be reported, irrespective of whether the portfolio is managed on behalf of UK clients or non-UK clients. We struggle to identify the direct supervisory interest the FCA has in derivatives positions and other investments held by clients who are not based in the UK and who fall outside the FCA's regulatory perimeter. The FCA's core mandate is the protection of UK consumers and the integrity of UK markets, and it is difficult to see how requiring firms to report investments attributable to non-UK clients serves that mandate in a proportionate manner. Requiring reporting across the firm's entire global client base would impose a materially greater compliance burden on internationally active firms without, in our view, a corresponding supervisory benefit. We therefore suggest that the FCA restricts the scope of rule 67.2(1) to derivatives positions and investments held on behalf of UK clients, including by excluding UK segregated portfolio managers whose clients are exclusively non-UK funds or fund managers, particularly where those clients are already subject to appropriate regulation and supervision in their home jurisdictions, or at a minimum provides a clear explanation of why data on non-UK client positions is necessary for the FCA's supervisory purposes and how the FCA intends to use that data.

Thirdly, it is not clear what the reporting requirement under rule 67.2(2) is intended to capture. Given the 'Funds Under Management' field in FSA038 captures only AIFs and CISs managed by a firm, prima facie it is requesting a breakdown by the categories referenced (family office, government entity, etc.) of the investors in those AIFs and CISs. However, the reference to "excluding funds" at the end of 67(2) suggests what is in fact being requested is the value of assets being managed by clients of the investment manager for these client types outside of funds. This should be clarified. Moreover, if 67.2(2) is in fact requesting a breakdown by the categories referenced (family office, government entity, etc.) of the investors in AIFs and CISs managed, it is not clear why this data is required nor how the data is to be reported, particularly where investments are made through aggregators or other intermediate vehicles. Likewise, it is not the case that all firms will have ready access to such data (for example, where the funds are being managed on a delegated basis) so this increases the burden on firms in respect of data for which the purpose of collection is unclear.

Finally, we think it would be helpful for the draft rules to be clarified to make clear that the provisions at SUP 16 Annex 67.2 (1) – (3) only apply to segregated portfolio managers carrying on the activity of "managing investments" (and will not apply to advisers carrying on the activity of "advising on investments").

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

Based on the consultation paper, it is not completely clear what specific risks the FCA is hoping to monitor or identify by obtaining this additional information through this annual report. This will pose an additional reporting burden for UK regulated CIS operators, and we note that this presents an unfair advantage to overseas CIS operators who may carry out their activities in respect of CIS vehicles established in the UK without being subject to this new requirement.

Another point which has not been addressed in the proposals is the potential for “double counting” of total AUM. CIS vehicles are often used as aggregator vehicles which sit under other investment vehicles (such as AIFs). This issue is already contemplated by the proposed categories that CIS operators must select for each residual CIS, as the list includes “a holding company” (SUP 16 Annex 66.2). The assets of in-scope AIFs would already be captured in other regulatory reports envisioned under FRAME. However, for AIFMs which are also residual CIS operators, the same assets would effectively then also be captured in the separate report for CIS operators, which could present a distorted view of the total NAV of firms which may be both AIFMs and CIS operators. The current provisions do not allow for such discounting of NAV which may have already been reported to the FCA in other reports, nor does the consultation paper acknowledge that the reporting could be iterative where vehicles within the same fund family are reporting under different regimes.

Reporting functionality & user experience

Question 28: Should online form and XML upload submission options be maintained for both the essential and enhanced reporting requirements under the new framework? Question 29: Is having XML upload only submission functionality sufficient for the enhanced reporting requirements under the new proposed framework?

Our view is that the FCA should retain as much flexibility as possible for firms when determining the submission options.

Many of our member firms currently rely on third party specialists to submit Annex IV reports using XML files. We do not think it should be assumed that all firms will have a preference to file complex XML files, especially if this would lead to reliance on external assistance to do so.

We expect that AI will likely be able to support the FCA in extracting the relevant data from various submission formats, ensuring flexibility for firms as well as streamlining the processing of submitted data from the FCA's perspective.

The FCA should also clarify the process for correcting submitted reports where an error (in particular a material error) is identified after submission. The FCA should define what constitutes a material error, the timeframe for correction, whether prior period reports must be restated and how corrected submissions will be identified within the system.

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

No. We believe that the better approach is for reporting to be triggered at the date of the first investment. We note that the first commitment may come very early on in the life of a fund, when there may otherwise be very little meaningful data to report.

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?

Given the material change that the new reporting regime presents to the current arrangements, both in terms of entities which would be subject to the reporting requirements, and in terms of the new information which will now need to be collated, our members' view is that an extensive period of time will be required to operationalise the new reporting requirements.

It is very likely that existing internal data gathering systems will need to be revisited, and in some cases established for the first time. Any time period will also need to ensure sufficient time for the new requirements to undergo appropriate review, testing and governance. Given the complex, and often international, nature of many of our members' groups, this will be a significant undertaking, and so at least 24 months will be required.

We also consider it would be helpful for the FCA to provide formal reassurance that firms may report on a "best efforts" basis for the first year, while any final issues are worked through. No firm should be required to file both a UK Annex IV report and a FRAME report for the same period. Testing should follow publication of the final rules and full technical specifications. Permitting early access for testing will also be beneficial.

Fund authorisation, registration and change processes

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?

Please refer to our [response](#) dated 28 August 2026, which we have submitted separately due to the differing deadline for comments specified by the FCA for this particular question.

Additional comments on the new rules in the SUP Handbook set out at Appendix 2

We note that Appendix 2 of the consultation paper includes proposals to significantly increase the number of data fields which would need to be reported to the FCA that are not included in the equivalent notifications under the current regime.

We are concerned that these changes (1) do not support the FCA's contention that this new regime is intended to be a simpler and more proportionate reporting framework and (2) are not specifically being consulted on either in CP 26/26 or CP 26/28.

Paragraph 9.16 of CP26/26 simply notes "we propose new rules in our SUP Handbook at Appendix 2", but without any specific question requiring feedback from firms and other relevant stakeholders.

Several of the new data fields now required to be reported appear excessive, including:

- *Fund name changes:* The reasons for the choice of a new fund name and why the name is considered appropriate for the AIF or sub-fund;
- *Changes to where an AIF is established:* An explanation of why the new country or jurisdiction is considered to be appropriate for investors;
- *Change in the legal structure:* An explanation of how the change benefits investors;
- *Target investors:* Specifying if the target investors are elective or per se professional investors (rather than simply drawing the distinction between professional and retail investors).

We are also concerned that the new proposed drafting at SUP 15.3.26R (in Part 2 of Annex B Appendix 2) has now lowered the threshold for when a large amount of data would need to be reported. On the face of the current proposed provision, a significant amount of information will now need to be reported to the FCA even if such changes were not material. Not including an appropriate materiality threshold for at least some of this information will lead to a significant uptick in potentially insignificant information being reported to the FCA. For example, the new provision at SUP 15 Annex 16.9 notes that: "An AIFM must notify the FCA of a change to its risk management policy". Under the new obligation any change at all to the document, regardless of whether such change materially impacts the operation of the policy (e.g. if

there were an update to internal contact information, or even a correction of a typographical error) would need to be reported. We do not consider this to be proportionate or a simplification of the current regime.

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?

No. While our members note the benefits that LEIs present as a regulatory tool when they are available, we do not agree with the new proposal compelling UK authorised firms to provide LEIs for third parties.

While many third parties may already have LEIs, this is not guaranteed. These new obligations may put UK authorised firms in a difficult position where they may potentially be in breach for a third party's decision not to obtain an LEI.

Paragraph 9.32 notes that a significant number of funds have already obtained an LEI in order to comply with the requirements of the MiFID transaction reporting regime. While that may be the case, it is not by extension to be expected that all third party service providers for UK authorised firms will have done the same.

We would also argue that while the benefits of LEIs in the context of MiFID transaction reporting are clearer, as they assist with wider objectives relating to market surveillance to detect market abuse across large numbers of transactions, the benefit appears much less clear in the context of obtaining data across a much smaller pool of service providers. This proposal therefore introduces an additional administrative burden for firms, in contradiction with the aims of the FRAME regime of simplicity and proportionality.

On that basis, our view is that the FCA should have a consistent position for all fund operators and managers (UK or non-UK), in that LEIs should be provided by relevant third parties to the extent they are available, but this should not be compulsory.

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

The key priorities for our members are:

- minimising unnecessary administrative burden;
- removing unnecessary questions or data fields that do not materially improve the ability of the FCA to effectively supervise; and
- ease of operation of any new reporting system.

Recent challenges faced by firms in respect of the FCA Connect system (which should be avoided under the new reporting platform) include:

- restrictions on the same person accessing the Connect portal for multiple firms using a single email address, even if the firms were in the same group;
- overly prescriptive forms requiring responses to questions which did not apply to the fact pattern; and
- issues with saving data as forms were being completed, leading to lost data.

Any new platform should include appropriately detailed guidance notes on how to navigate the new system, and should be supported by a well-resourced "Help" function to address specific technical issues as this beds in (whether by a dedicated email inbox or helpline). We assume that the FCA continues to

keep the potential of appropriate use of AI under review to identify ways in which it could be used to further streamline the data submission and review processes.

We would also request that the FCA keeps in mind its secondary objective:

facilitating, subject to aligning with relevant international standards:

(1) The international competitiveness of the economy of the UK (including in particular the financial services sector), and

(2) Its growth in the medium to long term.

While as part of this new regime, we acknowledge that the FCA has aimed to identify areas of alignment with other regimes, such as in the US or EU, the reality remains that this new regime marks a material change for all firms required to report to the FCA, and inevitably has introduced uncertainty for existing and potential new entrants to the UK market while these changes are implemented.

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

UK Private Capital would welcome the opportunity to participate in future engagement on this topic. This is an important area for our members, and we are grateful for the opportunity to provide feedback.

If you have any questions or there are points it would be helpful to discuss further, please contact Nick Chipperfield (nchipperfield@ukprivatecapital.co.uk) and Tom Taylor (ttaylor@ukprivatecapital.co.uk).

Yours faithfully,



Tim Lewis
Chair, UK Private Capital Regulatory Committee