

CONSULTATION PAPER
NO. 1 OF 2025

**PROPOSAL FOR PERIODIC FUND
REPORTING REQUIREMENTS**

18 MARCH 2025



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Introduction

Why we are issuing this consultation paper

1. The Financial Services Regulatory Authority ("**FSRA**") of the Abu Dhabi Global Market ("**ADGM**") has issued this consultation paper to invite public feedback and comments on its proposed introduction of periodic reporting requirements, which will apply to all Authorised Fund Managers, in respect of each Fund that they manage. The consultation paper also seeks general feedback on several topics to inform its upcoming review of its Funds framework. Capitalised terms contained in this consultation paper have the meanings attributed to them in the FSRA's Glossary Rulebook ("**GLO**"), unless otherwise defined in this consultation paper.

Who should read this consultation paper

2. This Consultation Paper should be of particular interest to Authorised Fund Managers, potential applicants seeking to operate as Fund Managers within ADGM, as well as individuals and organisations active in the funds industry, and their respective professional advisors.

How to provide comments

3. All comments should be made in writing and sent to the mail address or email address specified below. If sending your comments by email, please put the consultation paper number in the subject line. If relevant, please identify the organisation you represent in providing your comments. The FSRA reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise at the time of making any comments. Comments supported by reasoning and evidence will be given more weight by the FSRA.

What happens next

4. The deadline for providing comments on these proposals is 29 April 2025. When we receive your comments, we will consider whether any modifications to the proposals are required. We will then proceed to enact the proposals in their final form. You should not act on the proposals described in this consultation paper until the final rules are issued, we will issue a notice on our website when that happens.

Comments to be addressed to:

Consultation Paper No. 1 of 2025
Financial Services Regulatory Authority
Abu Dhabi Global Market
ADGM Square
Al Maryah Island
PO Box 111999
Abu Dhabi, UAE

Email: fsra.consultation@adgm.com

Background

1. The FSRA has a statutory mandate to promote and enhance the integrity of the ADGM Financial System, to ensure a fair, transparent and efficient market with appropriate investor protection, to promote the safety and soundness of Authorised Persons and to maintain financial stability in ADGM. Since its inception, ADGM has been successful in attracting Fund Managers and a significant number of Domestic Funds have also been established in ADGM, such that the fund management sector forms an important part of the ADGM Financial System.
2. Currently, the data which the FSRA receives in relation to Funds post-launch is fragmented and often not in a format that facilitates supervisory analysis. The FSRA is therefore proposing to introduce a periodic reporting requirement for Funds. The proposed reporting requirement is intended to support the application of a risk-based supervisory approach in the fund management sector, by providing the FSRA with additional, timely, data on Funds' activities throughout their life cycle, including information on portfolio holdings, leverage, and liquidity-related data.
3. The proposed reporting requirement would also enable the FRSA to identify relevant trends and risks that may be emerging within the fund management sector in ADGM and enhance its ability to further develop its regulatory framework for Fund management in a proportionate, evidence-based manner. The proposals are aligned with international best practices from peer regulators and international standard-setting bodies.

Section A: Overview of Proposed Reporting Requirements

4. It is proposed that Fund Managers will be required to submit a new regulatory return to the FSRA for each Fund that they manage (the “**Periodic Fund Return**”), which will be considered to be a Regulatory Filing and be subject to a late filing fee should a submission date be missed. The proposed amendments to FUNDS and GLO required to give effect to this reporting requirement are included in **Appendix 1** and **Appendix 2** respectively.
5. Submission of a Periodic Fund Return would be required for:
 - a. each Domestic Fund; and
 - b. each Foreign Fund managed by an Authorised Fund Manager (together, “**In-Scope Funds**”).

6. However, certain sections of the Periodic Fund Return are relevant only to a subset of In-Scope Funds (see **Attachment 1** for further detail).
7. For Domestic Funds, the proposed reporting requirement builds upon existing reporting obligations under Chapter 16 of FUNDS. Currently, Foreign Funds managed by Authorised Fund Managers do not fall within the scope of Chapter 16 of FUNDS. However, given the potential reputational impact to ADGM should a significant risk event materialise within such a Fund, the FSRA considers it prudent to have greater insight into such Funds' activities and risk exposures.

The Periodic Fund Return Template

8. **Attachment 1** outlines the categories of data proposed to be included in the Periodic Fund Return template, the general rationale for requiring such information and the scope of application of each category of data. **Attachment 2** outlines the individual data points proposed to be included in the Periodic Fund Return template in respect of each category of In-Scope Fund. It is likely that the contents of the Periodic Fund Return template will be refined over time, e.g., to align with changes to the regulatory framework for Funds.

Question 1

Do you agree with the proposal to introduce a new periodic reporting requirement for Funds?

Question 2

Do you agree with the scope of the information proposed to be included in the Periodic Fund Return? If not, what information should be removed or added, and why?

Question 3

Should the approach to reporting portfolio holdings differ as between Public Funds and other In-Scope Funds (see **Attachment 2** for proposed difference in approach)?

Question 4

Should the requirement to provide Gross Notional Exposure data apply to all In-Scope Funds? If not, which type of Funds should be removed from scope?

Question 5

Do you anticipate any issues with identifying or collating the information required to be included in the Periodic Fund Return? If so, please outline any such anticipated issues.

Guidance

- The FSRA intends to publish guidance in 2025 to assist Fund Managers in completing the Periodic Fund Return. It is anticipated that this guidance will be updated over time to reflect commonly received queries or changes to the specific data requested.

Question 6

What additional guidance would be useful to assist Fund Managers in completing the Periodic Fund Return?

Assurance requirement for Public Funds

- For Public Funds, it is proposed that the Person providing the oversight function for that Fund, i.e. the Oversight Committee or the Eligible Custodian/Trustee, as applicable, would be required to provide assurance that the Periodic Fund Return has been accurately and appropriately completed by the Fund Manager.

Question 7

Do you agree with the proposed assurance requirement? If not, do you have any suggestions on alternative means of obtaining such assurance or confirmation?

Reporting Frequency and Means of Submission

- It is proposed that submission of the Periodic Fund Return would be required on either a 3 monthly or 6 monthly basis, depending on the Fund type and whether it is open-ended or closed-ended in nature. The below table outlines the proposed reporting periods and reporting deadlines for each category of Fund.
- The FSRA would have the discretion to direct a Fund Manager to submit a Periodic Fund Return for a different reporting period than those specified below.

Fund Type	Reporting Period	Reporting Deadline
Public Fund	Every 3 months	Within 1 month of the end of each reporting period
Exempt Fund – Open-Ended	Every 3 months	Within 1 month of the end of each reporting period

Exempt Fund – Closed-Ended	Every 6 months	Within 6 months of the end of each reporting period
Qualified Investor Fund (QIF)	Every 6 months	Within 6 months of the end of each reporting period
Foreign Fund	Every 6 months	Within 6 months of the end of each reporting period

13. A reporting period of 3 months is proposed for Public Funds and open-ended Exempt Funds, given the higher liquidity risk associated with open-ended Funds and the heightened degree of supervisory oversight appropriate for Public Funds. Semi-annual reporting is considered suitable for closed-ended funds and for QIFs, given the lower liquidity risk and the more sophisticated Unitholder profile.
14. The FSRA will notify Fund Managers of the required means of submission for the Periodic Fund Return in advance of the first reporting deadline.

Transition period

15. It is proposed that the first reporting period would end on 31 December 2025, with the first set of returns to be submitted by either 31 January 2026 or 30 June 2026.

Question 8

Do you have any comments on the proposed reporting periods and reporting deadlines and the timeline for first submission of the Periodic Fund Return?

Question 9

Do you have any comments on preferred format for submission of the Periodic Fund Return?

Conclusion

16. As ADGM continues to develop as a jurisdiction, it is important that the FSRA has access to timely data on Funds’ activities to deliver on its statutory mandate, to support its risk-based supervisory approach and to facilitate further enhancement of its regulatory framework. The FSRA considers that the proposals outlined in this paper will support the continuing growth of the Fund management sector in ADGM, while also ensuring alignment with international standards.

Question 10

Do you have any broader feedback on the proposals outlined in the paper that is not covered by the questions set out above?

Section B: Seeking feedback on Funds framework

17. The FSRA intends to conduct a holistic review of its regulatory framework for Funds and Fund Managers over the coming months, with a view to consulting on proposed changes later this year. The overall objectives of this review are as follows:
- (1) to ensure that the framework takes account of developments in regulatory requirements elsewhere, including international best practices, to the extent appropriate to the nature of ADGM's Fund management sector, and is clear and user-friendly;
 - (2) to reflect insights gained from the FSRA's significant experience of supervising Fund Managers; and
 - (3) to ensure that the framework remains relevant in relation to developments in the Funds industry and continues to support the development and growth of ADGM as a fund management jurisdiction.
18. With the above objectives in mind, the FSRA would like to seek general feedback on its current Funds framework, including any areas which could benefit from clarification and suggestions as to how the framework could be updated to reflect industry developments and continue to support the growth of the Funds sector in ADGM.

Question 11

Do you have any observations on the FSRA's current Funds framework? In your view, are there any aspects of the framework that could benefit from clarification?

Question 12

Do you have any suggestions as to how the Funds framework could be updated to reflect industry developments?

Attachments and appendices

Attachment 1: Scope of application of each section of the Periodic Fund Return template and general rationale for requiring such information

Attachment 2: Data points proposed to be included in the Periodic Fund Return template

Appendix 1: Proposed amendments to FUNDS

Appendix 2: Proposed amendments to GLO

Attachment 1: Scope of application of each section of the Periodic Fund Return template and rationale for requiring such information

Section	Rationale for requiring such information	Scope of Application
Section 1: Confirmation Data	Identifies the individual submitting the Periodic Fund Return, allowing for swift follow up on the submission.	All In-Scope Funds
Section 2: Static Data	<p>Receipt of this data would allow the FSRA to:</p> <ul style="list-style-type: none"> (a) determine which questions in the following sections of the submission are applicable (e.g., those sections applicable to Public Funds or open-ended Funds only); and (b) collate key data about Funds, which may be used for supervisory and general sector profiling purposes. <p>Due to the increased risk profile of host Fund Managers, this section also asks whether the Fund Manager is acting as a host Fund Manager in relation to the Fund.</p>	All In-Scope Funds
Section 3: Fees and Expenses	<p>Receipt of fee data would enable the FSRA to better assess risk and understand the norms of its ecosystem. Fees may vary over time which means the FSRA cannot rely on data submitted at Fund launch.</p> <p>For Public Funds, a breakdown of fees across individual fee categories is proposed, given the higher degree of supervisory oversight appropriate for such Funds.</p> <p>For Exempt Funds, the Total Expense Ratio is considered sufficient, given the more sophisticated Unitholder profile of such Funds.</p>	<p>Breakdown of fees across individual fee categories required for Public Funds only.</p> <p>Total Expense Ratio required for Public</p>

Section	Rationale for requiring such information	Scope of Application
		Funds and Exempt Funds.
<p>Section 4: Portfolio holdings and exposures (including leverage data)</p>	<p>Receipt of portfolio holdings data would enable the FSRA to better identify sources of risk, including breach of applicable Rules on eligible assets, use of leverage, exposure to liquidity risks and exposure to idiosyncratic risks from particular geographies, indices, or individual assets.</p> <p>The large number of fields in this section of the template is reflective of the potential types of portfolio assets which Funds may hold. However, most fields will not be relevant to In-Scope Funds as they likely would not hold all the asset types in their portfolio.</p> <p>As leverage is a key risk indicator for funds, section 4 also includes several data fields specific to measuring leverage. In particular, the template requires information on Gross Notional Exposure (GNE), including GNE broken down by asset classes, and long and short exposures. IOSCO recommends that regulators use a two-step analysis in assessing and monitoring leverage, with Step 1 involving the use of GNE (broken down by asset class and by long and short exposures) as a baseline measure of leverage for funds that may present leverage-related risks. This baseline measure may then be used to identify a sub-set of funds that are more likely to present leverage-related risks, which may be analysed further in Step 2. In line with this two-step approach, the template does not require Net Notional Exposure (NNE) data to be provided. While NNE is identified by IOSCO as a complementary leverage measure to GNE and was considered for inclusion in the template, the IOSCO recommendations recognise that such complementary leverage measures are more relevant to the Step 2 analysis.</p> <p>In line with this approach, the FSRA may seek additional leverage-related data for individual Funds as part of supervisory engagement, if considered necessary based on analysis of GNE and other data. Based on consultation feedback, it may also consider de-scoping certain Funds from the obligation to report GNE based on size or other considerations.</p>	<p>All In-Scope Funds, other than sections relating to ADGM Green Funds and ADGM Climate Transition Funds respectively, which apply only to Domestic Funds having those designations.</p>

Section	Rationale for requiring such information	Scope of Application
Section 5: Liquidity	Receipt of liquidity data in respect of open-ended funds would enable the FSRA to identify those open-ended Funds which are potentially more prone to suffer liquidity risk and focus its supervision accordingly. Section 5 also includes questions regarding open-ended Funds which have put in place special liquidity measures, which is data not currently collected by the FSRA via any other means.	Open-ended Funds
Section 6: Performance	<p>Receipt of performance data would enable the FSRA to identify Funds experiencing unusually high or low performance, which is a risk indicator.</p> <p>For the first reporting period, it is proposed that Fund Managers would be required to submit performance data for the relevant Fund for the three previous financial years. This baseline will enable FSRA to more accurately track trends, identify potential risks through performance anomalies, and ensure efficient oversight. This data would not be required for subsequent reporting periods.</p>	All In-Scope Funds
Section 7: Unitholders	<p>Receipt of unitholder information would assist the FSRA in identifying:</p> <p>(a) Funds experiencing particularly high inflows or outflows, which could be a risk indicator or risk driver; and</p> <p>(b) Funds with a particularly undiversified investor base, which is relevant to liquidity risk.</p>	All In-Scope Funds
Section 8: Declaration	Certifies the correctness of the data provided, in line with the approach adopted by the FSRA for other regulatory submissions.	All In-Scope Funds