

## Regulatory News Alert

### Depositaries: Clarifications on oversight obligations

**1 June 2018**

On 17 May 2018, ALFI and ABL issued a revised version of the guidelines and recommendations for depositaries with the aim to cover UCITS, as well as improving certain sections of the initial guidelines published in July 2013. The goal of these industry guidelines is to help with the implementation of the UCITS and AIFM Directives and Regulations in relation to supervision obligations of depositaries.

Depositaries are subject to several requirements, according to the UCITS Directive and AIFMD, and must comply with their oversight duties, either ex-ante risk assessment or ex-post controls.

The guidelines list oversight duties, methodology and proposed control typology and frequencies as well as escalation procedures to put in place. Moreover, ABL and ALFI provide specific guidance to comply with CSSF Circular 16/664 about the management of collateral.

Recommendations concern more precisely the initial and periodic assessment as well as periodic controls linked to duties regarding subscriptions and redemptions, valuation of shares/units, implementation of fund instructions, timely settlement of transactions, fund income distribution, and cash monitoring.

Considering that depositaries play a key role in the investment management industry and the set of rules applicable to them is constantly increasing, these practical guidelines will certainly prove to be useful to the industry.

#### **How can Deloitte help?**

Deloitte can help depositaries to understand and comply with the regulatory constraints applicable to them through different services. We can also help you stay on top of regulatory trends with our Kaleidoscope Regulatory Watch service.

#### **1. Governance Definition and Implementation**

We work with you to design and calibrate your policies and procedures to fulfill your legal duties with practical implementation throughout your organization.



## **2. Regulatory healthcheck**

We can review your compliance with each requirement of the regulation, identifying any gaps with remediation actions for depositaries as for their counterparties.

## **3. Due Diligence support**

Our teams of experts test the compliance of your business partners and ensure an external review of the adequacy of internal frameworks with the applicable laws and regulations.

## **4. ISAE 3402/SOC 1 examination**

We conduct independent reviews on the adequacy and operating effectiveness of the depositary's internal control procedures and provide "reasonable assurance" on the depositary's control environment, including advice on best practices and improvement opportunities.

## **5. Remedial planning and implementation**

We assist the depositary in organizing and planning the implementation of new requirements and provide guidance on key operational set-up decisions, control framework upgrades, or service offering reviews.

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