

7.4 Operational risk Controls
7.5 Control and Escalation process
8. Delegated / Outsourced activities
8.1 Overview of material functions delegated / off-shored / outsourced
8.2 Monitoring arrangements
8.3 Inventory of activities outsourced / activities off-shored
8.4 CSSF approvals and type of license
8.5 SLA
8.6 Legal and Contractual agreements
9. Reporting
9.1. Standard reporting pack
9.2. Frequency of reporting
9.3. Reporting mode: web solution, swift, other
9.4. Ability to customize reports through data warehouse
9.5. Number of years of history in system

Part II: Transfer Agent Headings

Title
1. Operational structure / Operating Model
1.1 Organization structure
1.2 Key roles and responsibilities
2. Technology and IT systems
2.1 Systems changes
2.2 Information security
2.3 Business Continuity Planning and Disaster Recovery Plan
3. Delegated / Outsourced activities / Third party management and SLAs
3.1 Monitoring arrangements
3.2 Inventory of activities outsourced / activities off-shored
3.3 CSSF approvals and type of license
3.4 SLA
3.5 Legal and Contractual agreements
4. Registration process
4.1 Procedure for account opening
4.2 Register maintenance and update procedures
4.3 Checklists
5. Reconciliation shares/units outstanding
5.1 Process description
5.2 Frequency
5.3 Controls and checks around process
6. AML / KYC Compliance
6.1 Investor identification process
6.2 Risk assessment (incl. country, investor type, reputation, industry sector, etc.)
6.3 AML procedures
6.4 On-going review of KYC files
6.5 Suspicious Transaction reporting
6.6 Black list screening (specify sources used)
6.7 PEP screening
7. Dealing (Subscriptions/Redemptions/ Conversion of shares)
7.1 Processing subscriptions / redemptions
7.2 Controls and checks on institutional share classes
7.3 Controls and checks on minimum holdings, minimum subscriptions
7.4 Late trade and Market timing procedures
7.5 Short-term & frequent trading
7.6 Missed trades
8. Client Services
8.1 Distributors set up
8.2 Shareholder Communication
8.3 Complaint handling
9. Dividend distribution
9.1 Process overview
9.2 Payments to shareholders
9.3 Controls and process

Part III: Fund Administrator Headings

Title
1. Operational structure / Operating Model
1.1 Organization structure
1.2 Key roles and responsibilities
2. Technology and IT systems
2.1 Systems changes
2.2 Information security
2.3 Business Continuity Planning and Disaster Recovery Plan
3. Delegated / Outsourced activities / Third party management and SLAs
3.1 Monitoring arrangements
3.2 Inventory of activities outsourced / activities off-shored
3.3 CSSF approvals and type of license
3.4 SLA
3.5 Legal and Contractual agreements
4. Processing /input trade
4.1 Authorizing and processing transactions
4.2 Controls and checks around process
4.3 Failed trades
4.4 Escalation process
5. Reconciliations
5.1 Description of the processes for cash, securities and derivatives
5.2 Frequency
5.3 Controls and checks around process
6. Income
6.1 Dividends
6.2 Investment income and corporate actions
6.3 Income reconciliation
7. Pricing
7.1 Systems and methodology
7.2 Data feed
7.3 Valuation points per each market
7.4 Stale pricing / Fair Valuation
7.5 OTC valuation
7.6 AIFs independent valuer
8. Accounting
8.1 NAV calculation process overview
8.2 Number of share classes support by system
8.3 Control procedures over production of NAVs
8.4 Benchmarking
8.5 Expenses/Budget set-up and maintenance
8.6 Ratios (TER, PTR, etc.)
8.7 Cash monitoring and overdrafts
8.8 Performance fees
8.9 Swing pricing
8.10 Share class hedging
8.11 Shareholder equalization
8.12 Dividend distribution calculation
9. Tax
9.1 Calculation of tax figures (Zwischengewinn, Belgian TIS etc.)
9.2 Process for automatic exchange of information of tax figures
9.3 FATCA compliance
9.4 Tax rulings, exemptions or specific services not covered elsewhere

10. NAV publication
10.1 Process description
10.2 Reporting to clients, regulators, etc.
11. Financial statements
11.1 Process description
11.2 Reporting to clients / regulators
12. Active breach and NAV errors
12.1 Impact calculation
12.2 Reporting to the Management Company, client and CSSF

Part IV: Custodian / Depository Bank Headings

Title
1. Safekeeping of assets within your custody network
1.1 Asset types held
1.2 Segregation of customer assets
1.3 Reconciliation of customer assets
2. Safekeeping of assets not within your custody network
2.1 For assets not within the custody network are counterparty statements independently received
2.2 Reconciliation of customer assets with brokers/counterparties confirmation
3. Delegated / Outsourced activities / Third party management and SLAs
3.1 Monitoring arrangements
3.2 Inventory of activities outsourced / activities off-shored
3.3 CSSF approvals
3.4 SLA
3.5 Legal and Contractual agreements
4. Monitoring of Cash with Third Parties
4.1 Reconciliations sub-custodian records with the Custodian
4.2 Reconciliation process for derivatives and "not in Bank assets"
5. Review of Custody Operations
5.1 Supervision of settlement of assets
5.1.1 Systems
5.1.2 Settlement of trades
5.1.3 Monitoring of failed trades
5.1.4 Monitoring unmatched trades at sub-custodian level
5.2 Supervision of Assets Administration
5.2.1 Failed trades
5.2.2 Overdue Interest
5.2.3 Overdue corporate action entitlements
5.2.4 Outstanding market claims
5.2.5 Tax reclaims
5.2.6 Dividend payments
6. Review of Fund Accounting and NAV errors and breaches
6.1 Sanity check of cash and securities reconciliations performed by FA
6.2 Exceptions monitoring on reconciliations
6.3 NAV error monitoring
7. Global and Sub-Custodian network review
7.1 Sub-custodians selection process
7.2 Sub-custodian network monitoring
7.3 Sub custodian/service standards agreements
7.4 Reconciliations process with sub-custodians
7.5 Oversight of prime brokers
8. Investment restrictions monitoring
8.1 Systems
8.2 Investment restrictions checks and controls
8.3 Reporting of breaches to third parties (i.e. Investment Manager, Management Company, Auditors, CSSF, etc.)

Part V: Other Items

Title
1. Middle offices
1.1 Foreign Exchange
1.2 Share Class & FX Portfolio Hedging
1.3 Liquidity Solutions
1.4 Portfolio Insight
1.5 Derivative Pricing & Evaluation
1.6 EMIR Reporting Services
1.6.1 Trades Executed Through Depository
1.6.2 Trades Executed Through Other Brokers
1.7 Performance & Risk Reporting
1.8 Agency Clearing, Collateral Management & Execution
2. Custody
2.1 Securities Lending Services (in-house or third party)
2.2 Post Trade Compliance
2.3 Prime Brokerage Services
2.4 Debt and Loan Administration
2.5 Overdraft Facility and Conditions (Confirmed/ Unconfirmed)
2.6 Proxy Voting Services
3. Ancillary
3.1 Tax Services
3.2 Company Secretarial Services
3.3 KIID
3.4 Depository for Bearer shares
3.5 New product / service introduced as a result of changing regulation



The Association of the Luxembourg Fund Industry (ALFI), the representative body for the Luxembourg investment fund community, was founded in 1988. Today it represents more than 1 300 Luxembourg-domiciled investment funds, asset management companies and a wide variety of service providers including depository banks, fund administrators, transfer agents, distributors, law firms, consultants, tax advisers, auditors and accountants, specialist IT providers and communications agencies.

Luxembourg is the largest fund domicile in Europe and its investment fund industry is a worldwide leader in cross-border fund distribution. Luxembourg-domiciled investment structures are distributed in more than 50 countries around the globe, with a particular focus on Europe, Asia, Latin America and the Middle East.

ALFI defines its mission as to “Lead industry efforts to make Luxembourg the most attractive international centre”.

Its main objectives are to:

Help members capitalise on industry trends

ALFI’s many technical committees and working groups constantly review and analyse developments worldwide, as well as legal and regulatory changes in Luxembourg, the EU and beyond, to identify threats and opportunities for the Luxembourg fund industry.

Shape regulation

An up-to-date, innovative legal and fiscal environment is critical to defend and improve Luxembourg’s competitive position as a centre for the domiciliation, administration and distribution of investment funds. Strong relationships with regulatory authorities, the government and the legislative body enable ALFI to make an effective contribution to decision-making through relevant input for changes to the regulatory framework, implementation of European directives and regulation of new products or services.

Foster dedication to professional standards, integrity and quality

Investor trust is essential for success in collective investment services and ALFI thus does all it can to promote high professional standards, quality products and services, and integrity. Action in this area includes organising training at all levels, defining codes of conduct, transparency and good corporate governance, and supporting initiatives to combat money laundering.

Promote the Luxembourg investment fund industry

ALFI actively promotes the Luxembourg investment fund industry, its products and its services. It represents the sector in financial and in economic missions organised by the Luxembourg government around the world and takes an active part in meetings of the global fund industry.

ALFI is an active member of the European Fund and Asset Management Association, of the European Federation for Retirement and of the International Investment Funds Association.

To keep up to date with all the news from the association and the fund industry in Luxembourg, join us on [LinkedIn](#) (The Luxembourg Fund Industry Group by ALFI), [Twitter](#) (@ALFI-funds), [Youtube](#), [Vimeo](#) or visit our website at www.alfi.lu.



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Framework for Due Diligence Information Packs