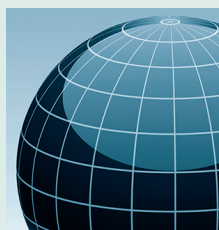


## DEPOSITARY SOLUTIONS

Supporting the offshore depositary requirements of Alternative Investment Funds (AIFs) across multiple funds and multiple domiciles



With the aim of achieving a greater level of protection for investors, the Alternative Investment Fund Managers Directive (AIFMD) requires that each alternative investment fund manager (AIFM) appoint a single independent depositary for each alternative investment fund (AIF) it manages. The Directive also imposes a significant number of additional functions and duties upon depositaries.

Until 2018, a partial exemption from full depositary requirements is available to AIFMs of AIFs domiciled outside the European Union, such as the Cayman Islands, Bermuda and Guernsey. Those AIFMs wishing to market to European investors via National Private Placement rules must appoint one or more entities to fulfil the activities of a depositary, such as executing the duties of safe custody, cash flow monitoring and fund oversight. The depositary will not be subject to the new liabilities and other eligibility requirements.

OFFSHORE DEPOSITARY OBLIGATIONS	DESCRIPTION
Article 21 (7) - Cash flow monitoring	AIFMD requires the depositary to ensure that all cash is booked into an account opened in the name of the AIF/AIFM and perform regular reconciliations of cash movements.
Article 21 (8a) - Safekeeping of assets	The depositary must hold in custody all financial instruments that can be registered.
Article 21 (8b) - Ownership verification	AIFMD requires the depositary to verify ownership and maintain a record of the AIF and its assets.
Article 21 (9) - Oversight of NAV	The depositary must provide oversight of the NAV including the reconciliation of unit holder register and review of the NAV calculation.

### SPECIALIST EXPERTISE AND SERVICES

As you take advantage of current National Placement rules to distribute your funds in the European Economic Area (EEA), you require a strong, flexible depositary relationship to ensure regulatory compliance with minimal impact on your investment process.

#### COMPREHENSIVE SUPPORT

Supporting all asset types across a range of fund types including:

- Private equity funds
- Hedge funds
- Funds of hedge funds
- Real estate funds
- Non-UCITS retail schemes
- Exchange-traded funds
- Infrastructure funds

With Northern Trust as your depositary partner, you will benefit from the same robust operational model as our pan-European onshore depositary offering as well as our experience and expertise gained through more than a decade of serving as a depositary in Guernsey, Ireland and Luxembourg – and now in the Netherlands and the United Kingdom.

Our specialist team of technical, compliance, operational and relationship management experts based across Europe understands the impact of regulation on your funds and will ensure you receive the highest level of fiduciary oversight.

Through our work with more than 1,200 funds across five jurisdictions, we help some of the world's most successful fund managers meet the needs of fund structures captured under AIFMD. Working in close partnership with you, we will deliver a depositary solution that addresses your unique needs.



## A FLEXIBLE, ROBUST DEPOSITARY SOLUTION

With a depositary model functioning across multiple asset classes, investment strategies, custody arrangements and fund domiciles, we offer our depositary services alongside our award-winning fund administration services.

## SAFEKEEPING OF ASSETS

As depositary, Northern Trust will:

- Follow rigorous procedures for the appointment and ongoing oversight of global custodians and prime brokers that are appointed as safekeeping agents.
- Perform ongoing monitoring, focusing on prevention management and reviews of credit, service, audit, compliance, risk governance and business continuity.
- Safeguard, or otherwise verify, ownership of AIF and UCITS assets and ensure that the cash flows of the AIF are properly monitored.

## OWNERSHIP VERIFICATION

As depositary, Northern Trust will:

- Collect and verify evidence of beneficial ownership of assets, including 'other assets' such as derivatives and investments in private companies, by either the AIF or the AIFM.
- Collect information verifying the valid acquisition and disposal of the assets.
- Verify that the assets are independently valued, supervising the valuation process and monitoring the calculation of the NAV.
- For real estate assets that are not financial instruments held in safekeeping, maintain a record of the assets on our asset servicing platform, periodically verifying ownership and ensuring assets cannot be disposed of without the depositary's knowledge.
- Record the asset on our asset servicing platform.

Where the record keeping and ownership verification has been delegated to a third party, we will:

- Carry out periodic reviews and/or ongoing monitoring of the delegate.
- Identify any conflicts of interest and develop and implement procedures to manage them.
- Regularly verify and reconcile the records maintained by the delegate using information from independent sources.

## CASH MONITORING

As depositary, Northern Trust will:

- Ensure that all cash is booked into an account opened in the name of the AIF, its manager, or the name of the acting depositary; and perform regular reconciliations of cash movements. These actions help us to identify and escalate inconsistencies in payments, subscriptions and redemptions to and from the AIF's account.
- Perform frequent cash flow monitoring, reconciliation of unit holder register, creation and maintenance of fund risk assessments, increased reviews of distributions, cash and stock reconciliations and a review of the NAV calculations.
- Pay particular attention to the proper prompt payment and receipt of redemption or subscription monies at each dealing point and ensure details of aggregate subscriptions/redemptions are provided to the depositary.
- Review the AIF cash accounts provided by the fund manager within ten business days of receipt of the information.
- Ensure that the cash account is opened at an entity referred to in Article 21(7) of Directive 2011/61/EU.
- Review the cash and fund accounting records annually to ensure that cash accounts are opened in the appropriate name and are included in the cash flow monitoring and reconciliation process.

## **OVERSIGHT**

As depositary, Northern Trust will:

- Ensure that the sale, issue, repurchase, redemption and cancellation of units or shares of the AIF are carried out, and that the AIF's income is applied, in accordance with national law and the AIF rules or constitutive documents;
- Validate that the value of the shares or units of the AIF are calculated in accordance with national law, the AIF rules and the valuation principles prescribed by AIFMD;
- Ensure that the AIF's income is applied in accordance with the applicable national law and the AIF rules or instruments of incorporation.

## **PRIME BROKERS**

Should you wish to engage other prime brokers to provide aspects of offshore depositary services, Northern Trust is able to accommodate these requirements.

## **ENHANCED PROTECTION OF YOUR ASSETS**

With a history of financial strength and stability and top tier credit ratings reflecting our conservative business strategy and prudent management of risk, Northern Trust provides you with the peace of mind that your assets are in safe hands.

## **FOR MORE INFORMATION**

To learn more, please contact your Northern Trust representative or visit [northerntrust.com](http://northerntrust.com).

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