

# Convergence Checklist

Alternative Investment Fund Managers Directive (AIFMD) and the latest Undertakings for Collective Investment in Transferable Securities Directive (UCITS V)

Objective	AIFMD	UCITS V	Details
<b>Governance</b>			
Remuneration policy	✓	✓	UCITS V introduces remuneration provisions that are similar to AIFMD.
Conflicts of interest	✓	✓	UCITS V broadly consistent with AIFMD.
Liquidity policy	✓	✓	UCITS V broadly consistent with AIFMD.
Risk management policy	✓	✓	UCITS V broadly consistent with AIFMD.
Authorisation and delegation	✓	✓	UCITS V broadly consistent with AIFMD.
Independence		✓	New requirements in UCITS V for evidencing and demonstrating independence of depositary and ManCo.
<b>Operations and transparency</b>			
Valuation policy	✓	✓	UCITS V contains no explicit requirement for a separate valuation policy document, but it remains standard industry practice in some jurisdictions.
Calculation of leverage	✓	✓	UCITS V broadly consistent with AIFMD.
Calculation of AUM	✓		Explicit AIFMD obligation, no equivalent in UCITS V.
Minimum capital	✓	✓	UCITS V ongoing obligations broadly consistent with AIFMD.
Regulatory report	✓		New Annex IV requirement in AIFMD.
Annual financial report	✓	✓	UCITS and AIFMD ongoing obligations broadly consistent.
Disclosure to investors	✓	✓	Similarly to AIFMD, UCITS V requires disclosure to investors in relation to management remuneration and conflicts of interest.
<b>Depositary</b>			
Depositary operations	✓	✓	A single depositary must be appointed for each UCITS and AIF (unless acting as depo lite). Northern Trust has expanded its pan-EMEA depositary business, and now provides depositary services from 5 European locations for UCITS, AIFs and non-EU funds.
Asset safekeeping	✓	✓	Assets to be entrusted to the depositary for safekeeping, with new requirements on delegates and reuse of assets. Northern Trust to supervise assets "in custody" and "other assets".
Cash monitoring	✓	✓	Depositary must monitor cash flows and ensure cash booked to the correct account.
Investment compliance	✓	✓	UCITS V broadly consistent with AIFMD.
Depositary oversight	✓	✓	UCITS V broadly consistent with AIFMD.
Insolvency protection		✓	New to UCITS V, assets held in custody are not available to general creditors on the insolvency of the depositary or its delegate if they are located in the EU.
Location	✓	✓	A depositary must have its registered office or be established in the home state of the UCITS.
Discharge of liability	✓		No option for depositary to discharge liability under UCITS V.

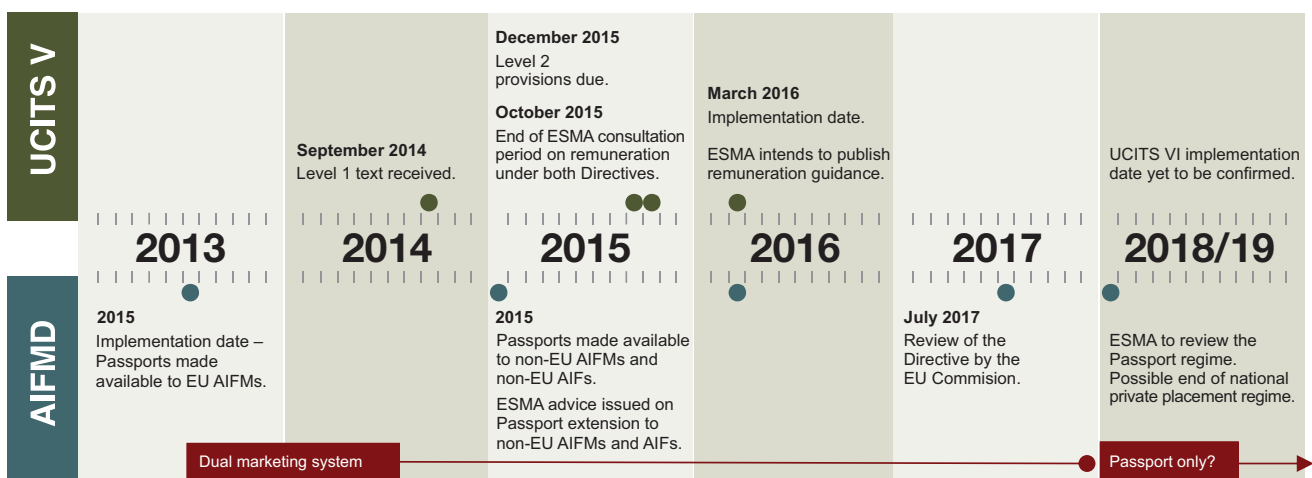


# Convergence Checklist

The fourth revised Directive on Undertakings for Collective Investment in Transferable Securities (UCITS IV) compared to the latest revision of the Directive (UCITS V)

Objective	UCITS IV	UCITS V	Details
<b>Governance</b>			
Remuneration policy	✓	✓	UCITS V introduces remuneration provisions that build on those introduced by UCITS IV.
Independence		✓	New proposals in UCITS V consultation process for mechanism to demonstrate independence of depositary and ManCo.
<b>Operations and transparency</b>			
Disclosure to investors	✓		UCITS V replaces the existing provisions relevant to depositary information that must be contained in the fund prospectus. UCITS V also enhances the information to be disclosed to investors in the form of a Key Investor Information Document (KIID).
<b>Depositary</b>			
Depositary operations	✓	✓	A single depositary must be appointed for each UCITS fund. Northern Trust has expanded its pan-EMEA depositary business, covering UCITS, AIFs and non-EU vehicles as required by UCITS V & AIFMD.
Asset safekeeping		✓	UCITS V introduces more detailed obligations. Assets to be entrusted to the depositary for safekeeping, with new requirements on delegates and reuse of assets. Northern Trust to supervise assets "in custody" and "other assets".
Cash monitoring		✓	New to UCITS V, depositary must monitor cash flows and ensure cash booked to the correct account.
Depositary oversight		✓	While the level 1 depositary oversight requirements are unchanged it is expected that the level 2 regulations arising from UCITS V will provide greater clarity around performance of this oversight, including review of the NAV process, investor dealing, cash accounts, collateral and investment restrictions.
Insolvency protection		✓	New to UCITS V, assets held in custody are not available to general creditors on the insolvency of the depositary or its delegate if they are located in the EU.
Location	✓	✓	Same as UCITS IV; a depositary must have its registered office or be established in the home state of the UCITS.
<b>Regulatory sanctions</b>			
Sanctions		✓	UCITS V seeks to harmonise sanctions across member states, by setting out minimum sanctions applicable and providing a list of criteria to take into account when determining which to impose.

## AIFMD/UCITS V Sample Implementation Timeframe



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