# Guidance Note 37: Template Operational Due Diligence Questionnaire

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| **Application** | This Guidance Note is of particular relevance for Investment Managers undertaking an Operational Due Diligence (ODD) response. |
| **Date of this version** | 31 March 2018 |
| **History (prior versions)** | N/A |
| **Next review date** | 1 April 2021 |
| **Main Purposes of this Guidance Note** | The purpose of this Guidance Note is to provide investment managers with a standardised questionnaire which covers the provision of information to third parties, be they external ODD assessors or superannuation fund clients conducting their own ODD.<br><br>This guidance note covers a significant proportion of the questions asked during ODD investigations. |

# Guidance Note 37: Template Operational Due Diligence Questionnaire

## [INVESTMENT MANAGER]

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|---|---|
| **Author:** | [Name] |
| **Position Title:** | [Position] |

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# Summary

| |
|---|
| Firm legal name: |
| Address: |
| Contact details for respondent:<br>- Name of primary contact:<br>- Telephone:<br>- Email:<br>- Website address: |
| Firm total assets under management: |
| Firm assets under management, split by instrument type:<br>- Equity<br>- Fixed income<br>- Other (please list) |
| Name of strategy within survey scope: |
| Instruments traded in strategy within survey scope: |
| Firm total staff number: |
| Office locations, and functions performed in each geographical location: |
| Number of staff in each location: |

# 1. Organisational Structure

## 1.1 Corporate

1.1.1 Please provide an overview of the company being reviewed and its 5 year strategy.

1.1.2 Please describe the current ownership structure including subsidiaries, branch offices, and name of the underlying owners, their percentage ownership, and their role within the company. Where owners are legal entities, provide detail on legal entities' beneficial ownership. Please identify the contracting entity and the entity that hires staff in the ownership structure.

1.1.3 Do any of the company's principals have other business involvement? If yes, describe and quantify how much of their professional time is dedicated to each.

1.1.4 How long has the company been in operation and have there been any changes to the corporate structure in the past 5 years?

1.1.5 Please provide copies of the past 3 audited annual reports and financial accounts.

## 1.2 Organisation

1.2.1 Please provide an organisational structure diagram showing the functional overlay and key personnel within each area, including:

a. Clearly defined reporting lines (i.e. how the heads of each department / team report through to the CEO and / or governing body, whichever is applicable)
b. The number of staff in each department / team
c. Total number of staff for the firm

1.2.2 Has the firm undergone or implemented any of the following changes, in the last two years, or are any of the following changes planned for the next twelve months:

a. Office move, including opening or closing any office.
b. Replacement of system(s) used for order management, portfolio management, or portfolio accounting
c. Introduction of new investment strategy
d. Increase or decrease in AUM of more than 20%
e. Increase or decrease in staff numbers of more than 20%

If yes, please describe the change.

1.2.3 Are any senior staff members related to each other by family or marriage?

## 1.3 Client base

1.3.1 Please complete the following tables

| Asset Class | AU$ Value of Funds Managed* | No of Clients | No of Segregated Portfolios | No of Managed Trusts |
|---|---|---|---|---|
| | | | | |
| | | | | |
| | | | | |

*Please provide definition of funds managed

| No of clients added in last 5 years | AU$ value added | No of clients lost in last 5 years | AU$ value lost |
|---|---|---|---|
| | | | |

## 1.4 Insurance

1.4.1 Please provide copies of the following insurance policies (or equivalent) for the contracting party including the provider details, level & type of cover.

- Professional indemnity
- Fidelity
- Electronic and computer crime
- Fraud
- Public liability
- Cyber
- Workers Compensation

1.4.2 Have there been any insurance claims over the past 5 years?

1.4.3 Have you been refused any of the above stated insurances over the past 5 years?

# 2. Personnel

## 2.1.1 Please complete the following table for your key personnel

| Name | Role | Responsibility | Years of Experience<br>- in the organisation<br>- in the industry |
|---|---|---|---|
| | | | |
| | | | |
| | | | |
| | | | |

2.1.2 Please provide details of any other commitments or interests of the key personnel and the associated time commitments.

2.1.3 Please provide a summary of the remuneration process for portfolio managers, business leaders and general staff (i.e. salary, short term incentive and long term incentive plans).

2.1.4 Please provide a team structure and reporting lines for the HR Team.

2.1.5 Please provide a brief overview of HR staff covering key responsibilities, skills & experience and length of service.

2.1.6 Do you maintain job descriptions for all staff? Please provide.

2.1.7 Please provide an overview how staff training and development occurs in the organisation.

2.1.8 Please provide an overview on the staff recruitment process.

2.1.9 Please describe your background and reference checking procedures, including criminal and credit checks for new hires for both temporary and permanent positions.

2.1.10 Please provide an overview of the performance management process across the organisation. What is the role of HR as opposed to the business managers?

2.1.11 What is the criteria used to assess the performance of key personnel and investment team members?

2.1.12 Do you enforce annual leave for a minimum number consecutive days without access to business processes?

2.1.13 Are there initiatives in place to support engagement, retention and wellness of the employees (i.e. staff surveys, flexible working hours)? Please provide details of these initiatives and how they are managed throughout the organisation.

2.1.14 How many permanent part-time and full-time employees are there and which entity employs the staff including investment team in the event of a separate boutique company?

2.1.15 What has been the turnover rate among the company's personnel for the last 12 months and on average for the last 3 years?

2.1.16 Has there been any change in the number of investment professionals managing the proposed mandate in the past 3 years?

# 3. Governance

## 3.1 Governance

3.1.1 Please describe your corporate governance framework including a diagrammatical representation of the corporate governance structure illustrating all board and sub committees. (Note: if the investment manager leverages off associated entities governance committees please ensure these are incorporated in the overall governance framework).

3.1.2 Please provide an overview of all Board Sub-Committees and the key Management Committees within the governance structure including frequency, attendees, Terms of Reference, Charters etc.

3.1.3 Please confirm the overall number of board members and provide details of term and independence.

3.1.4 Please outline any delegations of authority from the Board that are in place and who is responsible for maintaining these delegations.

## 3.2 Risk

3.2.1 Please provide an overview of the team structure and reporting lines for the Risk Management Team.

3.2.2 Does your organisation have a risk register in place?

3.2.3 How is the risk register monitored and approved? Who is responsible for its maintenance?

3.2.4 Please provide a brief overview of your Risk Management Framework, including identifying and monitoring risk events, agreeing the mitigating actions and reporting to senior management.

3.2.5 Please provide details of how external incidents and events are identified and assessed for any potential impacts on your business and explain how you adjust your control environment for these.

3.2.6 What are the key Risk Committees in place and reporting processes (if not noted in governance structure above)?

3.2.7 In addition to any control audit, please outline the process in place to monitor internal controls and application of procedures?

3.2.8 How do you address the issue of operational risk?

3.2.9 Please confirm who owns and maintains the authorised signatory list for the company, including reviewing limits and approvals?

## 3.3 Company Compliance

3.3.1 Please provide a team structure and reporting lines for the Compliance Team.

3.3.2 Please provide a brief overview of staff covering key responsibilities, skills & experience and length of service. Does the compliance function perform a formal monitoring program?

3.3.3 Please provide a copy of the current compliance plan / calendar and overview of the monitoring program of compliance to company policies / procedures etc.

3.3.4 Are there any key systems in place to support the company compliance processes or issue tracking?

3.3.5 Please list all the compliance registers in place to support company policies. What is the process for the up-keep of these registers?

3.3.6 Please describe the compliance training in place for new staff and ongoing compliance training. Is there a training register maintained and who ensures it is regularly updated?

3.3.7 Please describe the processes in place to ensure compliance to applicable regulations, laws, industry codes & rules (including required licences and licence regulations).

3.3.8 Has there been any regulatory review or breaches noted for the company?

3.3.9 Is there, or has there been any private arbitration or litigation or civil or regulatory action, to which the firm or any of the firm's principal owners, executive officers or any staff member has been made a party during the last 5 years? If yes, please describe event(s) referred to in response above, including a discussion of the resolution for each event and noting whether the action is closed or pending.

3.3.10 Have any of your firm's current principal owners, executive officers or any staff member been the subject of a criminal investigation, litigation or convicted of a crime? If yes, please describe event(s) referred to in response above, including a discussion of the resolution for each event and noting whether the action is closed or pending.

3.3.11 Do any (historical, pending or threatened) legal or regulatory actions investigations, charges, penalties or sanctions exist or have any been imposed on the individuals associated with manager?

3.3.12 Please describe Compliance role in breach, issue and claims management processes

3.3.13 Which regulatory authorities is the company registered with and registration numbers?

3.3.14 Please provide a copy of your Australian Financial Services License (AFSL) or equivalent licenses in your governing jurisdiction.

3.3.15 Have there been any incidents, fraud or theft in the last 5 years? If so please detail how it was detected and resolved.

3.3.16 Describe any major capital losses that have impacted on your organisation's reputation.

3.3.17 Do you maintain a conflicts of Interest register? If so how are these conflicts managed?

3.3.18 Do you maintain a trade error and compliant register?

3.3.19 Does the Compliance team sign off or maintain a centralised library of policies and procedures for operations, trading, trade support and control functions?

## 3.4 Policies & Procedures

3.4.1 Please outline the process for the maintenance of the review cycle, owner and sign off (individual / committee)? Please provide a copy of the register.

3.4.2 Please provide a copy of the following applicable polices in place and confirm if they are organisational, division or business unit:

- BCP Policy
- Code of Conduct (Ethics)
- Gifts & Benefits
- Fraud & Corruption
- Privacy Policy (including Client Confidentiality)
- Disclosure & Approvals for Personal Dealing / Personal Trading
- Information Barriers / Protection of information (Chinese Walls)

- 3rd Party Broker and Counterparty selection and approval
- Leasing Agent Selection
- Property management selection, approval & maintenance
- Risk Management Policy
- Compliance Manual
- Conflicts of Interest Policy
- Counterparty Exposure Monitoring
- Approved Assets
- AFSL and use of derivatives
- Counterparty risk management in relation to derivative instruments
- Anti-Money Laundering / Counter-terrorism Financing
- Outsourcing (where relevant)
- Breach and Claims Management
- Incident and Issue Management
- Complaints Management
- Valuation and/or Security Pricing
- Unit Pricing & Distribution as applicable
- PDS and fund constitution (for trusts)
- Environmental and Social Governance Policy
- Performance Measurement Policy
- Investment allocation policies
- Soft Dollar Brokerage

3.4.3 Please describe the process to implement and integrate new or amended policies across the organisation.

3.4.4 Is there standard training or staff awareness processes to confirm ongoing compliance to existing policies?

## 3.5 Audit

### Internal Audit

3.5.1 Is there an internal audit function? Is it insourced or outsourced?

3.5.2 Please provide an overview of the team structure and reporting lines for the Internal Audit Team.

3.5.3 Please provide a brief overview of staff covering key responsibilities, skills & experience and length of service

### External Audit

3.5.4 Please provide your standard policy or guidelines around the selection and appointment of auditors.

3.5.5 How is the audit programme defined and agreed? Who tracks the overall program and provides updates on the status of the plan?

3.5.6 Who are the current external auditors and how long have they been in place?

3.5.7 Please provide a copy of the past 4 years audit reports and statements covering the Derivatives Risk Statement and Internal Controls e.g. GS007 / SAS70 or equivalent.

3.5.8 Please provide a copy of any prior audit or compliance review findings and commitments to process improvements or remediation plans.

3.5.9 Please detail any year on year recurring exceptions identified by the internal control audit.

3.5.10 Please provide an overview of the audit issue management processes in place to address audit findings.

3.5.11 What reporting is provided by the Internal and external audit teams to Management / Boards / Committees?

# 4. Trading Process and Operational Functions

## 4.1 High Level Process

4.1.1 Please provide an overview (written and diagrammatical) of your organisation's operating model showing key systems and processes (both insourced and outsourced) including interactions with outsource providers.

4.1.2 Please provide an overview of the organisational / functional structure of the teams who service the proposed mandate.

4.1.3 Do all key processes have documented procedures? Is there a regular review and who approves the operational procedures?

4.1.4 Please outline your model for engaging with a client's custodian from operations and relationship management perspectives.

4.1.5 Please describe the change management process when a change to the operating model is required such as changes in business process, key roles or responsibilities.

## 4.2 Portfolio Management and Order Initiation

4.2.1 Please provide an overview of the portfolio and asset management system and monitoring approach.

4.2.2 Please describe the order initiation process e.g. via model, specific stock selection, and/or change in strategy.

4.2.3 Please outline the order management systems that you use including setting trade guidelines and authorisation controls that are in place prior to sending to the dealer.

4.2.4 Please describe the broker selection and approval process.

4.2.5 Please describe the process for the set-up of new brokers and counterparties.

4.2.6 How do you establish and monitor counterparty exposure limits?

4.2.7 What is the approval process for the set-up of new instruments and other static data elements?

## 4.3 Pre Trade Compliance

4.3.1 Please describe the process for the setup and maintenance of pre trade compliance rules for all asset classes traded within the mandate.

4.3.2 What is the proportion of rules that are automated vs. manual set-ups? Please detail manually monitored rules.

4.3.3 Please describe the process to override any breaches as part of the pre trade compliance process including roles and responsibilities and the audit trail.

4.3.4 Please confirm that pre trade compliance processes exist for all manual trades noted in order management process.

4.3.5 Please describe the workflow process for the handling of compliance rule breaches including accountability and ownership.

## 4.4 Order Execution and Transaction Management

*Please provide information for each specific asset class to be managed.*

4.4.1 Please describe the order fill and trade approval process.

4.4.2 For trading outside the domicile of the middle office, please outline how these trades are captured and when, relative to the domicile of the middle office.

4.4.3 Please describe the flow for executed orders to accounting system including external vendors engaged within the process.

4.4.4 Please describe the process for the performance monitoring of brokers and counterparties.

4.4.5 Do you participate in soft dollar brokerage programs with any brokers or counterparties? If yes, how is the process monitored?

4.4.6 Do you have a 'best execution' policy? If yes, please describe the policy and how it is enforced and monitored.

4.4.7 Please describe the trade confirmation, matching and instruction process including responsibilities of those involved.

4.4.8 Please describe how the trade support and issue management functions operate in your organisation.

4.4.9 Please describe the pre-settlement monitoring process i.e. pre matching in the market, timings, call back procedures, and how issues are resolved.

4.4.10 Please describe the post settlement monitoring process i.e. broker and custodian flows to confirm failed settlements including timings.

4.4.11 Please describe the fails and claims management process. Including the policy and procedures for actioning fails and claims, and also the tracking and management of fails.

## 4.5 Cash Management

4.5.1 Please outline the controls that are in place around authorisations of cash movements.

4.5.2 How many of the firm's staff are required at each stage in the process to instruct, approve and release instructions to transfer cash from client accounts or pooled vehicles as discussed above?

4.5.3 Describe the process for instructing and processing third party cash payments from client accounts AND pooled vehicles. Please include the internal team/department responsible for each stage of the process from initiation, approval and release of the payment, as well as the external administrator's process if applicable.

## 4.6 OTC Derivatives

4.6.1 What systems are used for OTC derivative trading, confirmation, collateral management, settlement and reconciliation?

4.6.2 Please highlight any manual processes and controls around the manual processes.

4.6.3 What processes and resources are in place to ensure adequate monitoring of OTC related regulatory requirements across global jurisdictions?

4.6.4 Please describe trade initiation, trade entry, matching, and confirmation process back to the broker.

4.6.5 Please describe the process to ensure asset name reflects the counterparty and asset bought or sold.

4.6.6 How do you instruct the trades to the custodian or administrators including the provision of specific asset details?

4.6.7 Please describe the OTC valuation methodology, frequency and process for collateral management.

4.6.8 Is cash the only collateral used? If not, what securities used as collateral?

4.6.9 What is the process to calculate and agree collateral movements with counterparties? Please describe the escalation process for resolving disagreements with counterparties.

4.6.10 How are collateral movements instructed? What is the authorisation process? Please indicate if it is a full title transfer and AUD cash only.

4.6.11 What is the process for ongoing reconciliation of open positions with counterparties?

4.6.12 Please describe the process to monitor and manage the payments and receipts throughout the lifecycle of the position.

4.6.13 Please describe the process to confirm an instruction for the ongoing payments and receipts with counterparties and custodians.

4.6.14 Please provide a diagram of your OTC trade lifecycle including valuation and instruction to the client custodian.

## 4.7 Administration

4.7.1 How frequently do you perform a cash reconciliation of your internal records against custodian/broker records?

4.7.2 How frequently do you perform a position reconciliation of your internal records against custodian/broker records?

4.7.3 How frequently does a third party administrator perform a cash reconciliation of internal accounting records against custodian/broker records?

4.7.4 How frequently does a third party administrator perform a position reconciliation of internal accounting records against custodian/broker records?

4.7.5 What percentage of asset prices are independently verified by an external third party, such as an administrator or pricing agent?

4.7.6 Does the firm independently calculate collateral requirements or review counterparties' collateral requirement calculations for derivative transactions?

4.7.7 Are client assets held at an independent custodian in a segregated account in the name of the client/ fund/ trustee?

## 4.8 Income and Corporate Events

4.8.1 Please describe the income and corporate action event management processes including event monitoring, sourcing and validation and processing.

4.8.2 Please confirm whether the income and corporate action function is fully automated. If not, what components of the process are manual?

4.8.3 Please describe the process to ensure corporate event transactions are included in the overall cash management process for available cash.

## 4.9 Proxy Voting

4.9.1 Please describe your process for managing proxy voting. Is the process in-sourced or outsourced?

4.9.2 If the function is outsourced, please provide details of the outsource partner and the process and interactions between yourselves and the proxy manager.

4.9.3 If the function is insourced what internal technologies support the process?

4.9.4 What voting reporting do you provide?

## 4.10 Reconciliations

4.10.1 Please describe the reconciliation process including pre-set tolerance levels, source information and validation, manual versus electronic, approach for standard timing or known reconciliation differences and monitoring of aged items.

4.10.2 Please describe the process for the reconciliation between front office and back office.

4.10.3 Please describe the reconciliation process between yourselves and the custodian, brokers and other third parties.

4.10.4 Please describe the process for reconciling and updating interest accrued / paid into the system i.e. manual or automated process.

4.10.5 Please describe the controls in place with regards to managing clearance rates and time to clear as well as the management reporting process of reconciliation items.

## 4.11 Performance

4.11.1 Please describe the overall process for calculating performance including review & sign off.

4.11.2 What is the recalculation process for processing errors?

4.11.3 Do you comply with the Global Investment Performance Standards (GIPS) or any endorsed Country Version of GIPS?

4.11.4 If so, are the records and claim of compliance verified?

## 4.12 Fees & Expenses

4.12.1 Please describe the management fee and performance fee calculation policy, calculation process and verification process.

4.12.2 Please describe the reconciliation process for fee processing.

## 4.13 Risk and Trading

4.13.1 Describe your portfolio risk and leverage monitoring process, procedures and tools/applications.

4.13.2 List all functions, groups or staff that can execute trades, including fx hedges.

4.13.3 Does your firm maintain an authorised trader list?

4.13.4 How often are authorised trader lists confirmed with brokers and trading counterparties?

4.13.5 Does your firm use related parties as trading partners?

4.13.6 What percentage of trades are executed through electronic trade execution platforms?

4.13.7 For trades that are executed orally, how are the trade instructions supported?

4.13.8 Do you allow staff to execute trades from outside of the office?

4.13.9 Do you have a formal, documented trade allocation policy?

4.13.10 Does Compliance review all trade allocation exceptions or overrides?

4.13.11 Does Operations match and confirm transactions with brokers and/or trading counterparties independently from Trading after execution and prior to settlement?

4.13.12 Can operations or other non-investment staff amend or cancel the economics of a trade?

4.13.13 Do systems used provide an audit trail of trade amendments and cancellations?

4.13.14 Does someone other than the Portfolio Managers/Traders review the trade amendments and cancellations audit trail?

4.13.15 How frequently do you formally review and monitor your counterparties, brokers and dealers?

4.13.16 Are trades instructed via electronic processes?

4.13.17 Are derivatives to be independently priced?

4.13.18 If OTCs will be in the proposed mandate, please outline your trade lifecycle for OTC instruments, time for providing all info to Custodian to enable valuation.

4.13.19 Do you (or do your brokers) send OTC trade details to a centralised utility (e.g. TriOptima)? What is the process? What elements are included (is it the long form contract)?

4.13.20 What time can confirmed trades be sent to the custodian by on trade date in the relevant market? (e.g. 6pm?)

4.13.21 Please provide details of the time broker statements are available to the Custodian (in local and AEST times)

## 4.14 Post Trade Compliance

4.14.1 Do you perform daily post-trade compliance?

4.14.2 At what point in the trade cycle are trades monitored in the post trade compliance system i.e. traded and unconfirmed; traded, confirmed and unsettled; traded, confirmed and settled?

4.14.3 Is the same system used for Pre and Post Trade compliance?

4.14.4 If not, please describe the process for establishing, updating and maintaining compliance rules in accordance with the IMA.

4.14.5 What is the proportion of rules that are automated vs. manual? Please detail manually monitored rules.

4.14.6 Please describe the process for the management and tracking of post trade compliance issues including audit trail of compliance results.

4.14.7 If applicable, please describe the substantial shareholding reporting process.

4.14.8 Please describe the breach management, escalation and remediation processes including client reporting.

# 5. Valuations

5.1.1 Please provide an overview of the valuation / security pricing processes including the following:

- Vendor sources and scrubbing
- Stale pricing
- Pricing frequency and cut offs
- Price review and sign off process including tolerance levels
- Manual prices or price challenge processes
- Valuation methodologies (Specifically please confirm if the valuation & performance calculations are based on confirmed positions or 'as traded/unconfirmed' positions.
- Valuation calculation and standard reporting process including review & sign off
- Any non-standard month end procedures (Month end date versus last business day)
- Effective exposure calculation and reporting (especially around foreign listed stocks, ADR/GDRs, p-notes, rights, warrants)

5.1.2 What is the security valuation snap time in each market? Please answer this question for all assets in the proposed portfolio inclusive of OTCs, if applicable.

5.1.3 Please provide an overview of valuation related static data processes for back office systems.

5.1.4 Do you conduct at least monthly stock, cash and valuation reconciliations to the custodian with tolerance limits per asset class?

5.1.5 When the PM is not available to review pricings before releasing to the Custodian, what controls are in place before the prices are released?

5.1.6 Please provide your security pricing policy by security type (including exchange rates) covering methodology and stale pricing policy

# 6. IT Systems and Security

## 6.1 IT Architecture & Applications

6.1.1 Please provide details on the team structure and reporting lines for the technology team including outsourced functions.

6.1.2 Please provide IT strategy and plans regarding upgrade/replacement of infrastructure or applications and initiatives in progress

6.1.3 Please indicate your budgeted spend on technology as a percentage of revenue, for the previous two years and forecast for the next two years.

6.1.4 Please provide a diagram of your overall IT Architecture showing all systems for the company.

6.1.5 Please describe the key data flows and the processes in place between systems.

6.1.6 Please describe your system, and business testing processes for change to key systems.

6.1.7 Do you maintain separate environments for testing?

6.1.8 Please complete the following table.

| | Key Application | Age | Upgrade schedule | Proprietary or Vendor name | Excel Based (Y/N) |
|---|---|---|---|---|---|
| Portfolio management | | | | | |
| Order management | | | | | |
| Pre-trade compliance | | | | | |
| Trade matching/ confirmation | | | | | |
| Reconciliations | | | | | |
| Portfolio accounting | | | | | |
| Investment risk management | | | | | |
| Governance, Risk & Compliance | | | | | |

## 6.2 IT Support & Security

6.2.1 Please provide an overview of the system access and controls in place including mobile devices?

6.2.2 Please provide an overview of the system and application support model (i.e. help desk).

6.2.3 What processes are in place to monitor system activity, downtime and performance?

6.2.4 What is the backup process for key systems, applications and data? Do you copy critical data from primary production servers to back-up servers on a real-time basis, for disaster recovery purposes?

6.2.5 Outline the controls used to secure applications hardware and infrastructure against unlawful access. What reviews have been conducted to ensure this?

6.2.6 Please outline your security framework to combat cyber security attacks. In your response indicate which controls are applicable to which data types.

6.2.7 Has there been any confidentiality breaches or cyber-attacks? If so please detail how it was detected and resolved.

6.2.8 Is there standard training or staff awareness processes regarding cyber security (i.e. phishing scams).

6.2.9 Do employees have access to work emails (and other company information) through the use of personal and company issued mobile devices/tablets? If so, please provide an overview of the security oversight on these devices, including password protection requirements, and remote wipe capabilities.

# 7. Business Continuity and Disaster Recovery

7.1.1 Please describe your BCP testing approach and frequency of testing.

7.1.2 Please provide an overview of the BCP/DR plan including ownership, review and approval process.

7.1.3 Please confirm if the BCP / DR plan and tests are reviewed externally as part of audit processes?

7.1.4 Do you incorporate outsource service providers into the overall BCP plan and testing?

7.1.5 What is the target time for you to have staff formally identified as core to the continued running of the business fully operational after a disaster event?

7.1.6 Please confirm if there has been any actual BCP events and the outcomes in the last 5 years.

7.1.7 When was the last DR/BCP test completed, and what were the outcomes and findings?

# 8. Service Provider Oversight

8.1.1 Please confirm your key strategic partners/relationships i.e. outsource providers, auditors, external investment managers, vendors etc. Please outline the services provided by each strategic partner in a tabular format.

8.1.2 What is the assessment and selection processes in place for choosing key partners or vendors/outsourced service providers?

8.1.3 What are the due diligence processes undertaken for your key providers?

8.1.4 Who is responsible for the appointment and monitoring of the Service Providers?

8.1.5 What is the relationship management model in place with the key Service Providers?

8.1.6 Is there an SLA in place between yourself and your key Service Providers and how is performance monitored?

8.1.7 Do the Risk, Compliance and/or Internal Audit departments participate in the oversight and incident management processes?

8.1.8 Which custodians do you currently have a relationship with? What experience do you have dealing with a custodian in the Australian time zone?

8.1.9 What processes are in place to ensure all major external vendors have the appropriate insurance cover?

8.1.10 If middle office functions are outsourced, please outline the oversight of these functions.

# 9. Reporting

## 9.1 Client Reporting

9.1.1 Please describe the report generation process including the review, release and timing of reporting (including what elements of the reporting are manually generated). (Note: this should include accounting, performance, fund manager commentary, compliance reports and any client specific requirements).

9.1.2 Is the process manual or via a system?

9.1.3 Have there been any client reporting errors (including incorrect delivery and timing issues) over the past twelve months?

9.1.4 Please describe how reports are monitored for completeness against the requirements within the IMA.

9.1.5 Please outline your process to monitor and evaluate what constitutes a reportable incident per the IMA.

9.1.6 Are there any limitations in your ability to deliver on the requirements in Schedule 3 of the pro-forma IMA provided to you in conjunction with the proposed investment?

9.1.7 How do you ensure client custodian's operational requirements are met? Please outline the processes in place in this regard.

## 9.2 Client Relationships

9.2.1 Please describe your overall relationship management framework.

9.2.2 What are the key performance indicators in place and how are they reported?

9.2.3 What are the processes in place for the maintenance and change management of the Investment Management Agreements?

9.2.4 How are authorised signatories held for clients and referenced to validate instructions?

9.2.5 How are service issues raised by clients managed through to resolution?

9.2.6 Do you have client service representation in Australia? If not, do you intend to in the future?

# 10. Operational Model Considerations

## 10.1 Mandate portfolio

10.1.1 How many BD after month end can you provide the custodian with detailed month-end portfolio valuation on a non-effective and effective exposure basis including all holdings in the Portfolio? (e.g. BD 2 ?)

10.1.2 How many BD after month end are you able to provide monthly performance calculation within after each month end? (e.g. BD 4?)

10.1.3 Provide details of any planned major operational model changes or key service provider changes.

10.1.4 Would you agree to use the Clients online compliance system for submission of IMA obligations?

10.1.5 Would you be able to provide an annual transaction cost analysis on physical and FX trades?

## 10.2 Pooled Vehicle Investment

10.2.1 By what time (AEST) can you provide Managed Fund pricing to the custodian, based on COB T prices? E.g. T + 1 13.30 hours AEST

10.2.2 Please provide the number of hours from the security valuation snap time in each market (refer to question 5.1.2 of this questionnaire) and the time Managed Fund pricing can be provided to the custodian.

10.2.3 Can you provide unit prices to [EXTERNAL PROVIDERS] or by direct email to a custodian in a pre-defined format?

10.2.4 Can trust distributions be provided to the custodian on T (Ex-Date) for all distributions other than at year end, along with Ex Price and distribution amount? When can the estimated annual distribution (with estimated tax component) as at 30 April be provided to the custodian?

10.2.5 By what BD post distribution date can trust distributions at year-end be provided to the custodian, along with the Ex Price, distribution statement and tax statement (tax components)? E.g. BD 3 post distribution date AEST

10.2.6 Is look though available to underlying holdings of trusts for accounting consolidation and regulatory reporting (APRA/ASIC) and provision of data to a [Data Analytics System Provider]?

10.2.7 Please confirm that fee transparency is provided to facilitate MER accruals and estimates.

10.2.8 Is the managed fund Australian domiciled? If not where is it domiciled and under what regulatory regime does it fall?

10.2.9 By what BD can statements be available each month? (e.g. by BD2?)

10.2.10 Are links to [EXTERNAL PROVIDERS] established for automated processing? If not, can they be?

10.2.11 Please provide timing of preliminary and final performance return availability.

10.2.12 By what date can an external audit report of internal controls e.g. GS007, be available each year?

10.2.13 Do you have an Independent Responsible Entity (RE) or does the RE function reside within the organisation?

10.2.14 Please provide your unit pricing tolerances & detail your error reporting process.