



Luxembourg Private Equity Funds – Valuation and AML Practices Requirements

9 December 2020

 TRIDENT TRUST

DUFF & PHELPS

Agenda



1. Organizational (housekeeping rules)
2. Welcome
3. Introduction
4. Trident Trust - The role and responsibility of the central administrator and the depository
5. Duff & Phelps - Valuing private assets in a post-COVID-19 world: establishing and maintaining credible valuation practices in the face of an unprecedented trifecta of macroeconomic, market and geopolitical instability
6. Duff & Phelps - Know your customer (KYC) corruption and Anti Money Laundering AML regulatory requirements how to keep up with ever evolving regulatory requirements
7. Questions



Duff & Phelps is the global advisor that protects, restores and maximizes value for clients in the areas of valuation, corporate finance, investigations, disputes, cyber security, compliance and regulatory matters, and AIFM service in Luxembourg and Dublin. We work with clients across diverse sectors, mitigating risk to assets, operations and people.

4,000+
TOTAL
PROFESSIONALS
GLOBALLY

MORE THAN
19,000
ENGAGEMENTS
PERFORMED IN 2019

13,500
CLIENTS INCLUDING
NEARLY
47% OF THE
S&P 500

THE
AMERICAS

1,900+
PROFESSIONALS

EUROPE AND
MIDDLE EAST

1,100+
PROFESSIONALS

ASIA
PACIFIC

700+
PROFESSIONALS

One Company

Across 25 countries worldwide



THE AMERICAS

Addison	Houston	Pittsburgh
Atlanta	Libertyville	Reston
Austin	Lisle	St. Louis
Bogota	Los Angeles	San Francisco
Boston	Mexico City	São Paulo
Buenos Aires	Miami	Seattle
Cayman Islands	Milwaukee	Secaucus
Chicago	Minneapolis	Silicon Valley
Dallas	Morristown	Stamford
Denver	Nashville	Toronto
Detroit	New York	Washington, DC
Grenada	Philadelphia	



EUROPE AND MIDDLE EAST

Abu Dhabi	Lisbon	Porto
Agrate Brianza	London	Rome
Amsterdam	Longford	Turin
Athens	Luxembourg	Warsaw
Barcelona	Madrid	
Berlin	Manchester	
Bilbao	Milan	
Birmingham	Moscow	
Channel Islands	Munich	
Dubai	Padua	
Dublin	Paris	
Frankfurt	Pesaro	

ASIA PACIFIC

Bangalore	Shenzhen
Beijing	Singapore
Guangzhou	Sydney
Hanoi	Taipei
Ho Chi Minh City	Tokyo
Hong Kong	
Hyderabad	
Mumbai	
New Delhi	
Shanghai	

Enhancing Value Across a Range of Expertise



VALUATION ADVISORY

Valuation and consulting for financial reporting, tax, investment and risk management purposes

- Valuation Services
- Alternative Asset Advisory
- Real Estate Advisory
- Tax Services
- Transfer Pricing
- Fixed Asset Management and Insurance Solutions

CORPORATE FINANCE

Objective guidance to management teams and stakeholders throughout restructuring, financing and M&A transactions, including independent fairness and solvency opinions

- M&A Advisory
- Fairness Opinions
- Solvency Opinions
- Transaction Advisory
- ESOP and ERISA Advisory
- Commercially Reasonable Debt Opinions
- Distressed M&A and Special Situations

GOVERNANCE, RISK, INVESTIGATIONS AND DISPUTES

Combined Duff & Phelps and Kroll risk management and mitigation, disputes and other advisory services

- Business Intelligence and Investigations
- Disputes
- Cross-Border Restructuring
- Cyber Risk
- Legal Management Consulting
- Security Risk Management
- Compliance Risk and Diligence
- Compliance and Regulatory Consulting
- Management Company/AIFM

PRIME CLERK

Provides bankruptcy and class action claims administration through its proprietary software and industry leading management team.

- Chapter 11
- Strategic Communications
- Contract Review
- Corporate Actions
- Class Action

Luxembourg Private Equity Funds – Valuation and AML Practices Requirements



Role & responsibility of the central administrator and depository



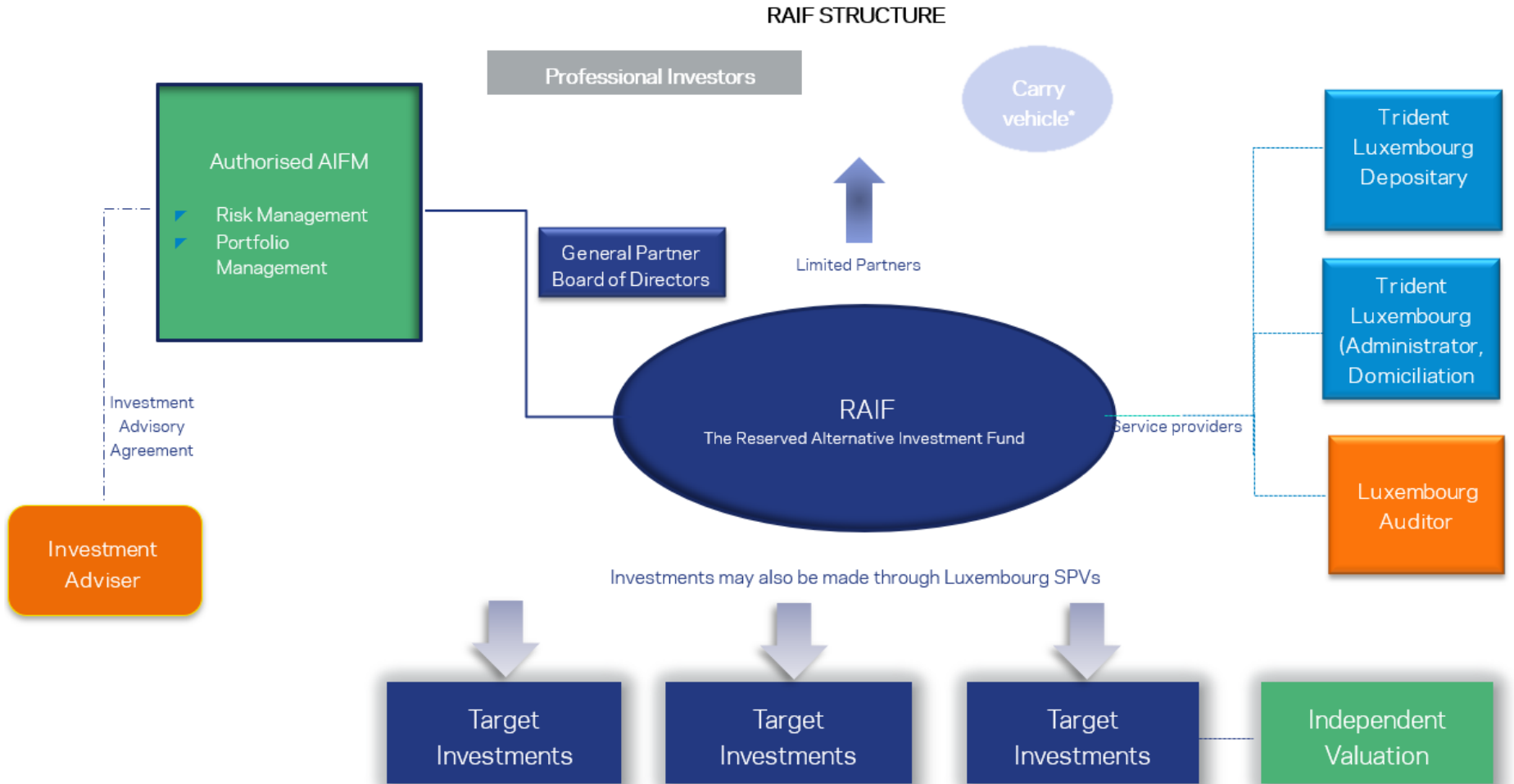
- ▶ What is a depositary
- ▶ Duties and responsibilities:
 - ▶ Cash flow monitoring
 - ▶ Safekeeping of assets
 - ▶ Oversight duties
- ▶ What is depositary lite

- ▶ Fund administration explained
- ▶ Role of the fund administrator
- ▶ Main responsibility of the fund administrator

How the Admin and the Depo relates to Lux AIF TRIDENTTRUST

- ▶ RAIF Law requires that the central administration of a RAIF must be located in Luxembourg
- ▶ Luxembourg-based central administration agent:
 - ▶ Domiciliary agent
 - ▶ Registrar and transfer agent
- ▶ Central administration and depositary - valuation of assets
- ▶ Segregation of responsibilities

Luxembourg RAIF – Service Providers



Established in 2009 to meet expanding client needs, our 30+ strong Luxembourg office is one of our two EU fund administration hubs, with the other being Malta. Its professional multilingual team is experienced in a wide range of investment types including hedge funds, PE, venture capital, real estate, debt/credit funds, fund of funds and securitisation.

Assists a broad range of professional and financial clients in the establishment and maintenance of Luxembourg structures:

- Regulated and supervised by the CSSF
- Qualified Accountants & Lawyers
- Dedicated IT systems
- ISAE certification

Why Trident Trust?

- Independence.
- We are a private organisation that is and will continue to be owned by the families of its founders and is not owned by or indebted to any third party. We offer our clients a stable, sustainable, private partnership that will not be compromised by conflicts of interest or changes in ownership.

- Global Knowledge
- We are one of the largest independent global providers of fund administration services with 100 dedicated staff in 11 fund domiciles, who are able to call on the resources of an 800 strong global group. We bring a breadth and depth of knowledge, understanding and experience across our global footprint that we believe is unmatched.

- Expertise and Excellence
- We have been establishing and administering off and on shore entities for more than 40 years. Provision of top class administration is in our DNA and it means we form long-standing relationships with our clients: We have client relationships that date back to 20 years. We put our clients at the heart of what we do and provide tailored services that suit their needs.

- Our People
- We develop stable and accomplished teams across jurisdictions, enabling us to offer our clients the benefits of their experience and continuity of relationship and service. The average tenure of our senior executives exceeds 15 years. We believe we offer one of the highest levels of professional qualification in the industry.

Valuing Private Assets in a Post-COVID-19 World

Establishing and maintaining credible valuation practices in the face of an unprecedented trifecta of macroeconomic, market and geopolitical instability



KYC, Corruption and AML Regulatory Requirements

How to keep up with ever evolving regulatory requirements



Good Governance

An increasingly complicated obligation



At the Start of Value Creation



Is a strong compliance programme and understanding of risks and obligation

High-risk situations only
led by senior leadership
Extensive ad hoc due
diligence

Targeted research to address
a specific concern

Routine checks on large
numbers of third parties

Led by in-house compliance
team

Volume driven cost pressures
Focussed solely on regulatory
risk

Risk-based screening of all counter
parties

Involvement of all internal
stakeholders

Increased use of technology
Holistic risk review, including
reputational risks

To detect: financial crimes, sanctions, political exposure, bribery, corruption
But also: reputational risk, payment risks, business continuity risks

Global Regulatory Pressures

Ownership transparency requirements on the rise



- Luxembourg – UBO Register (August 2019)
 - New requirement to make UBO information publicly available
 - Covers all Luxembourg registered companies, including foreign funds and SPVs
- Denmark – Central Business Register (December 2017)
 - UBO information and nature of ownership
 - 25% stakes or more to be disclosed
- France – Sapin 2 (June 2017)
 - Strengthens French ABC law
 - Increases ownership disclosure and UBO identification requirements
- Germany - Geldwäschegesetz (GwG June 2017)
 - Transparency register (Transparenzregister)
 - fines of up to EUR 1 million
- Isle of Man – Beneficial Ownership Act (April 2017)
 - Restricted access database of corporate beneficial ownership
 - Criminal offence not to comply with the Act
- UK – Person of Significant Control (April 2016)
 - Disclosure of “Persons with Significant Control”
 - Applicable for all UK private companies and partnerships

Global Regulatory Pressures

Growing focus on corporate modern slavery and wider ESG obligations

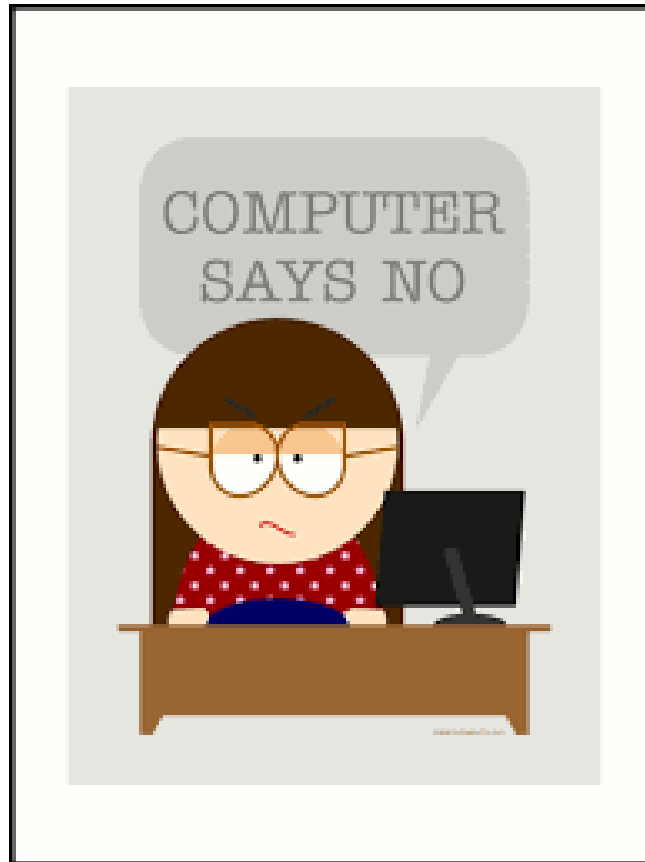


- Hong Kong Modern Slavery Law (pending)
- Australia Modern Slavery Bill (2018)
- UK Criminal Finances Act (September 2017)
- Dutch Child Labour Due Diligence Bill (August 2017)
- French Corporate Duty of Vigilance Law (February 2017)
- UK Modern Slavery Act (2015)
- EU Non-Financial Reporting Directive (2014)
- California Transparency in Supply Chains Act (2010)
- UN Palermo Protocol (2000)

The Trap of “one-size” Fits All



Aim for holistic risk-based assessments NOT rigid rules



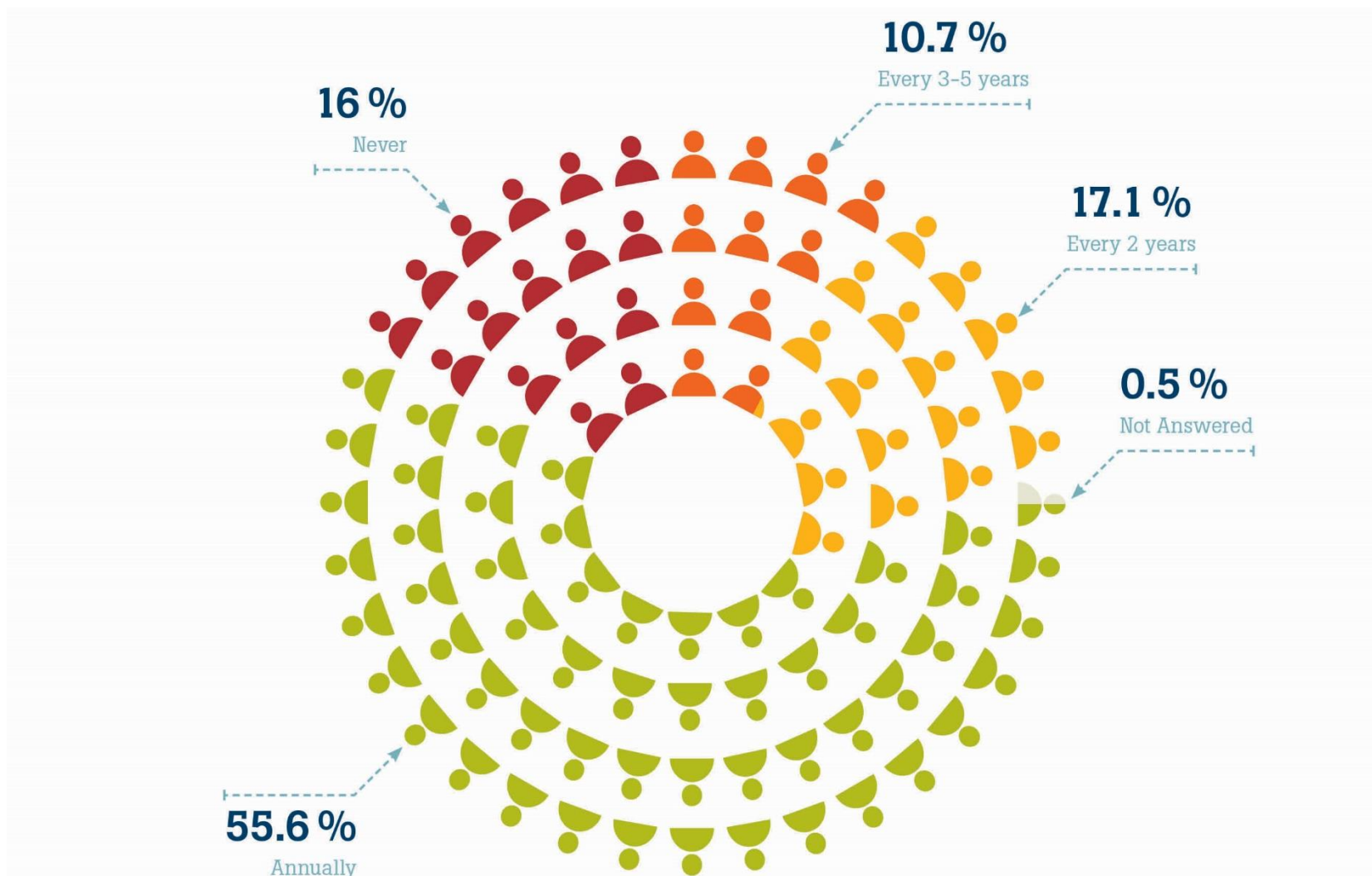
Compliance is Only as Good as its Weakest Link



Ensure your rules are applied consistently



How Often do you Conduct Bribery or Anti-Corruption Risk Assessments of your Portfolio?



Key Challenges for PEs

How to make compliance programmes work



Be consistent

- Align your portfolio to your ethical stance

Make the most of limited resources

- Identify and focus on the highest risks
- Get buy-in from your commercial teams
- Place more emphasis on suppliers to demonstrate compliance

Ensure that your programme is

- Consistently applied throughout all group companies
- Not so ambitious that it causes business disruptions
- Easily auditable

If you Cannot Demonstrate it to a Regulator...

Did it happen at all?



Compliance activity must be:

- Documented
- Easily accessible
- Secure
- Auditable
- At your fingertips at all time

when i don't need it:
i see it everywhere



when i actually need it:
i can't find it anywhere

Questions?



For more information, please contact:



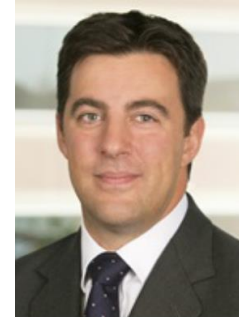
RYAN MCNELLEY

Managing Director

Portfolio Valuation

T: +44 2070 894 822

E: ryan.mcnelley@duffandphelps.com



KEVIN BRAINE

Managing Director

Compliance, Risk and Diligence, Kroll,
a division of Duff & Phelps

T: +44 2070 295 151

E: kevin.braine@kroll.com



ANIL SINGH

Managing Director

Compliance and Regulatory
Consulting

T: +325 2610 880 621

E: anil.singh@duffandphelps.com

For more information about our global locations and services, please visit:
www.duffandphelps.com

About Duff & Phelps

Duff & Phelps is the world's premier provider of governance, risk and transparency solutions. We work with clients across diverse sectors in the areas of valuation, corporate finance, disputes and investigations, cyber security, claims administration and regulatory compliance. With Kroll, the leading global provider of risk solutions, and Prime Clerk, the leader in complex business services and claims administration, our firm has nearly 4,000 professionals in 25 countries around the world. For more information, visit www.duffandphelps.com.

M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory and capital raising advisory services are provided in a number of European countries through Duff & Phelps Securities Ltd, UK, which includes branches in Ireland and Germany. Duff & Phelps Securities Ltd, UK, is regulated by the Financial Conduct Authority.