

**VARENNE CAPITAL PARTNERS**

Purpose	<b>Selection and monitoring of service providers</b>
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## I. Purposes of the procedure

In accordance with articles 321-93 to 321-96 and 318-58 to 318-61 of the AMF General Regulation (RG AMF), Varenne Capital Partners (VCP) must implement a policy for selecting, evaluating and monitoring those entities that supply it with services. Such entities include:

- the custodian
- credit institutions
- distributors

This selection and evaluation policy is implemented by staff in operational roles who are responsible for level 1 controls.

## II. Selection of intermediaries

### A. New relationships

Prior to entering into a new relationship, VCP ensures that its service providers possess the requisite authorisations and capacities to provide services that meet its needs.

### B. Producing the dossier

Supporting documentation for the dossier is requested by the person who wishes to enter into and develop the relationship with the service provider. These documents are then centralised by senior management.

The dossier shall consist of:

- the agreement/contract signed with the service provider;
- an evaluation sheet;
- documents on the service provider's identity and its capacities if it is not a financial institution. For institutions certified in France by the AMF or the ACPR, such verification can be informal, as the necessary information is available on these service providers' websites;

## C. Selection criteria and procedures

### 1. Provisions on custodians

The main selection criteria are as follows:

- financial solidity;
- an efficient back office;
- monitoring tool made available to VCP by the service provider;
- quality of statements sent;
- quality of VCP's contacts with the service provider;
- remuneration terms.

### 2. Monitoring selected intermediaries

All intermediaries involved in executing orders must be approved by management.

Service providers are scored on a regular basis by the relevant operational teams in order to ensure that the quality of their services is maintained.

If a service provider no longer meets VCP's qualitative and/or quantitative criteria, VCP's senior management may decide:

- to limit the scope of the relationship;
- to suspend the relationship;
- to inform the service provider by mail of any malfunctions detected.

## III. Selection of business introducers and distributors

Prior to signing any contract for a new relationship, VCP compiles information to evaluate the intermediary's skills and capacities and obtains approval from a senior manager for the new relationship.

To enter into a new relationship with a business introducer or distributor, the sales person is required to compile information on:

- the financial situation, source and amount of income and assets;
- financial liabilities;
- investment objectives;

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- planned remuneration level and method.

This information may be compiled by means of the AFG questionnaire used by Varenne for KYC purposes.

#### IV. Level 2 controls

The CCO conducts audits to check that service providers' dossiers are complete at specific intervals set on the basis of the level of risk incurred by each service provider (custodian, credit institution or distributor). The audit frequency is reassessed regularly.

This audit includes:

- checking that the dossier is complete;
- reviewing the signed agreement the obligations contained within it;
- creating a table summarising the intrinsic and residual risks for each service provider (see appendix 3).

An on-site inspection can also be conducted at the discretion of the CCO and COO.

**APPENDICES**

**APPENDIX 1**

**Awareness and monitoring questionnaire: custodian**

<b>Recipient of the questionnaire</b>	
Name of the person filling out the questionnaire:	
This person’s position:	
Telephone number:	
E-mail address:	

**Name of Custodian:**

Administrative questionnaire	Answer
Recipient’s legal status and type of certification (type of company, certifications obtained to date)	
Last names and first names of corporate officers	
Last name and first name of the head of the custodian task force	
Last name and first name of the head of the unit subscription/redemption division	
Last name and first name of the head of the “custodian inspection” task force	
How many employees are assigned to the custodian task force?	
How many employees are assigned to the “custodian inspection” task force?	
How many investment management companies do you serve as custodian?	

Additional remarks:

**Questions pertaining to the monitoring of the investment management company’s decisions:**  
 How often are inspections made by the custodian?

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Type of inspections performed by the Fund’s custodian	Daily	Weekly	Monthly
Monitoring compliance with the investment strategy			
Monitoring asset allocation			
Monitoring decisions involving asset composition			
Monitoring compliance with regulatory ratios (where applicable)			
Monitoring compliance with legal documentation			
Monitoring compliance with distribution rules, where applicable			
<b>Miscellaneous questions</b>	<b>Answer</b>		
Describe the custodian’s procedure for addressing anomalies.			

**Questions regarding liability management:**

How often are inspections made by the custodian?

Managing fund liabilities	Answer
Does the custodian report subscriptions and redemptions to the investment management company within a few hours after the cut-off time mentioned in the prospectus? Provide any necessary details.	
Are subscription and redemption terms for the company’s funds monitored on a recurring basis? (briefly describe the actions that are taken)	
Is this report automated? By fax or e-mail?	
Are alert systems in place in the event of an anomaly in order to ensure that subscription and redemption amounts are reliable? Provide any necessary details.	

**Custodian comments:**

Documents to be provided:

- a company registration form (K-bis) issued under three months ago
- a copy of the latest articles of association
- a list of the company’s legal representatives

APPENDIX 2

**Awareness and monitoring questionnaire:  
Credit institutions**

<b>Recipient of the questionnaire</b>	
Name of the person filling out the questionnaire:	
This person's position:	
Telephone number:	
E-mail address:	

**Name of the credit institution:**

Administrative questionnaire	Answer
Recipient's legal status and type of certification (type of company, certifications obtained to date)	
Last names and first names of corporate officers	
How many persons are employed at the credit institution?	
Additional remarks:	

Documents to be provided:

- a company registration form (K-bis) issued under three months ago
- a copy of the latest articles of association
- a list of the company's legal representatives