

The fund scoping worksheet

Chapter 2 and Appendix B. One column per fund, completed before anything is designed. Almost every later question is answered by reading a row of it.

Manager		Prepared by	
Review date		Date	

Field	Fund	Fund	Fund	Fund
Fund name and legal form				
Domicile (which transposing law)				
Date constituted: before / after 15 April 2024; before / after 16 April 2026				
Open-ended or closed-ended (delegated regulation test, not marketing)				
Redemption terms: frequency, notice, lock-up, existing gate				
Tools the constitutional documents already permit				
Originates loans? (influence-over-terms test)				
Originated loans as % of NAV (measured, not estimated)				
Loan-originating AIF: strategy limb / 50% limb / no				
Leverage, commitment method, fully covered facilities excluded				
Applicable cap: 175% open / 300% closed / transitional				
Headroom to cap, points; markdown that breaches it: $(cap - L) / (L \times (cap - 1))$				
Headroom to 50%, in money; write-down elsewhere that crosses it				
Largest exposure to a financial undertaking, AIF or UCITS, % of capital (20%)				
Further capital raised after 15 April 2024				
Delegates and their jurisdictions				
Depository				
Third-country dependencies (to Appendix G)				
Conclusion: tier one / tier two / LMT / none				
Owner and review date				

A markdown m moves commitment leverage L to $L(1 - m) / (1 - Lm)$: the loss falls on net assets multiplied by L . At 260% a 15% markdown gives 362%, and 7.7% is enough to breach 300%. Revisit the table every year: it is a control, not a project artefact (Chapter 22).

The LMT selection paper

Chapter 9 and Appendix C. One per open-ended fund, approved by the governing body. Two tools from the seven; suspension and side pockets do not count (one tool for a money market fund).

Manager / fund		Prepared by	
Domicile		Date	

The fund	Answer	Source
Liquidity profile of the portfolio (buckets, stated as shares of GROSS assets)		
Redemption terms: frequency, notice, lock-up, gate in the documents		
Investor base: type, concentration, largest investor		

Tool	Selected / rejected	Why, against strategy, liquidity and redemption policy	Administrator can operate it? Evidence
Redemption gate (quantity)			
Extension of notice period (quantity)			
Redemption fee (price)			
Swing pricing (price)			
Dual pricing (price)			
Anti-dilution levy (price)			
Redemption in kind			
Suspension (available anyway: not a selection)			
Side pockets (available anyway: not a selection)			

Decision	Answer	Owner
One price tool and one quantity tool? Two tools from the same category leave the fund without the other control		
Who may activate each tool, and the named alternate		
Documents to amend, and whether investor notice or consent is needed (pre-2026 funds: by 16 April 2027)		
Review cycle and approving body		

Chapter 21: the rejection of swing pricing, documented because the administrator could not run it, was the paragraph the supervisor read most closely. Record the tools rejected as carefully as those selected.

LMT calibration and back-testing record

Chapter 10 and Appendix F. Every tool with a number needs a documented basis for the number, and a test of it against what sales actually cost.

Manager / fund		Prepared by	
Domicile		Date	

Anti-dilution calibration	Value	Source / reasoning
Explicit costs: transfer, legal, taxes, custody (bp)		
Implicit costs: spread and market impact, from realised sales or proxies (bp)		
Adjustment from elective to forced sales		
Resulting rate or factor		
Threshold below which it does not apply		
Assets sold per euro redeemed: 1.0 from cash, the leverage ratio if leverage is held, $1 / (1 - \text{release price})$ if the lender sweeps		
Rate per euro REDEEMED = rate on assets x assets sold per euro redeemed		
Adopted on / approved by / review frequency		

Period	Levy / swing collected	Assets sold for the flow	Realised cost of those sales	Difference	Rate still right?

Quantity tool calibration	Answer
Threshold and how it is expressed (% NAV or money; fund or investor level; UCITS: fund level, % only)	
Basis in the realisation profile: what can be realised in the dealing cycle without material discount	
Pro-rating rule and treatment of the unsatisfied portion (carried forward / lapsed)	
Maximum duration, lifting process	

Chapter 21 sets its levy at 2.5% against an estimated 2.55% of cost per euro of assets sold. On a fund held at 140% leverage a euro redeemed sells about 1.4 euros of loans: the cost per euro redeemed is nearer 3.7%.

Activation: escalation, notification and the investor letter

Chapter 10 and Appendix F. Written in a calm quarter, used in a bad one.

Manager / fund		Prepared by	
Domicile		Date	

Level	Trigger (flows as % of the threshold)	What happens	Who
1. Monitoring		Reporting frequency increases; risk briefs the responsible officer	
2. Preparation		Decision formally considered; administrator alerted; letter finalised; board told	
3. Activation		Named officer decides and records it; board informed; authority notified where required; letter issued	

Tool	Domicile	Notify? (suspension, side pockets: yes)	To whom	Form	Within	Sent by

Investor communication template	Draft text
What has been activated	
Why	
The mechanics, and what it means for a pending instruction	
Expected duration	
Criteria for lifting	
Next scheduled update	
Contact point	

Suspension is total: subscriptions, repurchases and redemptions, every share class. A "soft closure" to new money is not a suspension. Gates apply pro rata; check side letters for redemption preferences before relying on one.

The liquidity stress test and the one line

Chapter 11 and Appendix L. Three scenarios minimum; the reverse test solves for the redemption level at which the fund fails. State every bucket as a share of gross assets.

Manager / fund		Prepared by	
Domicile		Date	

Asset side, severe quarter	Gross assets %	Amount	Stressed discount	Realisable in notice period
Cash and short-dated, less operating buffer				
Liquid loans, within a month				
Within six months				
Twelve months or more (sale-damaging?)				
Contractual flows: interest (net of non-accruals), amortisation, prepayments at the stressed rate				

Liability side and the facility	Amount	Note
Release price taken by the lender on disposals		
Drawn before the stress / borrowing base before (headroom)		
Drawn after disposals / base after the markdown: CALL only if drawn exceeds the base		
Undrawn borrower commitments x stressed draw rate (compare with the gate)		
Fees, facility interest, declared distributions		
Largest investor redeeming in full (discrete scenario)		

The line for the board	This quarter	Last quarter	Movement
Reverse stress level, % NAV			
Error band (root sum of squares of the three largest sensitivities)			
Gate threshold, % NAV			
Gap; gate as a multiple of the level; standard deviations below			
Headroom under the borrowing base			

Appendix L, corrected: Fund IV draws 124 against a base of 193, so its 10% markdown calls nothing; the level is 22.5% of NAV, plus or minus 3.8 points. The call bites only below an advance rate of 35.9%, or at a markdown of half the long book.

Loan origination compliance checklist

Chapter 5 to 8 and Appendix D. Tier one applies to any AIF that originates; tier two to a loan-originating AIF (strategy limb or 50% of NAV).

Manager / fund		Prepared by	
Domicile		Date	

Item	Done	Evidence / note
Classification		
Every transaction classified originated or acquired, reasoning recorded		
Fronting and pre-agreed-terms arrangements treated as origination		
Originated share of NAV at each valuation point; internal trigger below 50%, with escalation		
Structural limits (tier two)		
Commitment-method leverage at each valuation point; trigger below the cap		
Fully commitment-covered facilities identified and excluded, basis documented		
Single-borrower exposure to financial undertakings, AIFs, UCITS against 20% of capital; ramp-up end diarised		
Transitional position assessed against the domicile's law and documented		
Open-ended loan-originating AIFs		
Liquidity management system documented; credit-specific stress scenarios		
Redemption policy against the realisation profile; tools selected, calibrated, operable		
Demonstration package; prospectus, constitution, risk and liquidity policies consistent		
Retention and distribution		
Transfer register; 5% of notional retained per transferred loan		
Retention period: maturity if 8 years or less, at least 8 years otherwise, maturity for consumer loans		
Exceptions documented contemporaneously; strips owned, monitored, valued		
Allocation at origination where possible; strategy not solely originate-to-distribute; securitisation analysed separately		
Connected parties and process		
Restricted borrower list current; check in every credit paper; group perimeter in writing		
Risk appetite approved; promotion separated from assessment; methodology documented		
Ratings refreshed on cycle; collateral policy; departures log; watchlist criteria; workout process		
Annual review by the governing body, evidenced		

The credit paper, and the credit file walk-through

Chapter 8 and Chapter 20. The three AIFMD II lines cost a minute each; the walk-through takes half a day a quarter and finds everything.

Borrower		Analyst	
Fund		Date	

Credit paper section	Present?	Note
Borrower and group; transaction, purpose, size; fund participation and portfolio fit		
Sector; historical financials with adjustments; base case and assumptions		
Downside sensitivities with covenant headroom; leverage and coverage at close and projected		
Security and enforceability by jurisdiction; covenants against minimum standards, departures flagged		
Sponsor and the basis for reliance; ESG where the policy requires it		
Internal rating and its derivation; pricing against comparables; risks and mitigants; recommendation		
AIFMD II: borrower is not a prohibited connected party		
AIFMD II: originated or acquired, with reasoning		
AIFMD II: effect on the originated share against 50%, and on the 20% limit and the leverage cap		

Credit (random)	Paper complete	Approval matches authority	Connected-party check	Classification recorded	Covenants tested on time	Rating reviewed

Chapter 21: reclassifying eleven "secondary" positions bought through a fronting arrangement moved Fund III from 38% to 46% originated: 33.6 of its 420. The headroom left to 50% is 16.8.

Transfer and retention register

Chapter 7. The single document a supervisor will ask for. No transfer executes without the retention calculated and the residual booked.

Fund		Owner of the tail	
Period		Date	

Loan	Originated	Notional	Transferred	Date	Transferee	Retained 5%	Held after	Retain until	Exception relied on

Before the transfer executes	Answer	Signed off
Retention period: maturity if the loan runs 8 years or less; at least 8 years if longer; consumer loans to maturity		
Exception (sanctions, redemptions, merger / restructuring / wind-down, distressed): why, documented at the time		
Could the exposure have been allocated at origination instead? Allocation is not transfer		

Chapter 21: an 80 origination syndicating 30 retains 1.5 on the transferred portion, while the fund still holds 50 of the same loan. The strip binds as a floor on any later sell-down of the hold.

Delegation oversight file

Chapter 4 and Appendix E. The operative question is not how much has been delegated but what the manager does that a supervisor can see.

Delegate		Owner	
Jurisdiction		Date	

Item	Done	Evidence / date
Appointment		
Pre-appointment due diligence report, dated		
Authorisation and regulatory record assessed; objective justification recorded		
Notification to the competent authority, acknowledged; cooperation arrangement confirmed (third country)		
Contract		
Executed agreement; investment policy and restrictions annexed and current		
Reporting schedule; rights of instruction, inspection, access and information preserved		
Sub-delegation consent mechanism; termination with a workable notice period		
Monitoring		
Four quarters of performance and mandate-compliance reports, read and not just received		
Breach log with resolutions; at least one recorded substantive challenge in the year		
Annual due diligence refresh with a site visit or documented equivalent; control reports reviewed		
Reassessment		
Annual conclusion by the governing body that the delegation remains appropriate		
The in-house alternative assessed; contingency if the delegate became unavailable		
Third-country listing exposure assessed; named alternative, notice, cost		

Quarter	Reports received	Read by	Challenge recorded	Action taken

Third-country dependency register

Chapter 19 and Appendix G. Two lists sit inside the compliance perimeter: the EU tax list (revised about twice a year) and the AML high-risk list.

Group		Owner	
Reviewed		Date	

Dependency	Type	Jurisdiction	Reliance: what breaks without it	Listing exposure	Contingency: alternative, notice, cost	Reviewed

List	Next revision	State of play for our jurisdictions	Action
EU non-cooperative tax list			
AML high-risk third countries			

Delegation needs a cooperation arrangement and no AML listing; private placement needs neither list and cooperation arrangements. A listing stops further activity on the day of adoption. Review semi-annually; bring to the board with the delegation reassessment.

Fee and expense inventory

Chapter 17. Built from the expense ledger line by line and every intragroup arrangement, not by asking finance what the fees are.

Manager / fund		Prepared by	
Domicile		Date	

Charge	Recipient	Basis of calculation	Direct / indirect	Offset vs management fee, %	Allocation method	Authorised where	Amount this period

Checks on the inventory	Answer	Owner
Monitoring, transaction and arrangement fees; directors' fees paid to manager staff; servicing; ancillary services under the widened permission		
Broken deal costs: who bears them when a shared deal fails, as the documents say		
Reconciles to the financial statements? If not, the difference explained		
Total shown? Not required; the investors who matter will compute it anyway		

Chapter 21: the inventory found 2.4 million a year reaching the funds from affiliates, permitted but never quantified to investors.

Annex IV data dictionary and reporting controls

Chapter 15. The deferral of the templates is not a reprieve: the dictionary, the reconciliation and the identifiers take longer than the notice.

Manager / fund		Prepared by	
Domicile		Date	

Field	Definition	Source system	Owner	Transformation	Also in (system)	Reconciled ?

Control	Result	Signed
Period-on-period variance, explanations for material movements		
Cross-document: leverage = risk report; NAV = financial statements; delegation = authorisation file		
Three reported values reconciled to source systems and the accounts		
Named person has read the return, not approved a file		

Timetable from a standing start: dictionary and gaps (quarter 1), remediation and operating model (2), parallel run (3), review and sign-off design (4). Begin twelve months before the templates apply.

Board status, the calendar and the five tests

Chapters 20 and Appendix H. One page a quarter: compliant, in progress or exposed, with an owner and a date against anything not compliant.

Manager		Compliance officer	
Quarter		Date	

Obligation	Funds	Status	Owner	Next action	Date
Substance: two full-time EU-domiciled persons					
Delegation oversight and annual reassessment					
Credit policy, classification, restricted list					
Leverage cap and single-borrower limit (tier two)					
Retention register and tail					
LMT selection, calibration, back-testing					
Liquidity stress testing; closed-ended presumption					
Fee inventory and loan portfolio disclosure					
Annex IV data readiness; offering documents					
Third-country register					

Five tests, rotating	What is checked	Result
Credit file walk-through	Five credits at random, origination to current file	
Limit reconstruction	Leverage, originated share, largest borrower, recomputed outside the risk system	
LMT operability	The gate walked end to end on paper with the administrator	
Delegate oversight sample	Mandate current, due diligence in cycle, four quarters read, a challenge recorded	
Reporting reconciliation	Three values of one return to source and accounts	

Calendar: quarterly leverage and limits, stress tests, calibration, delegates, portfolio report, monitoring, reporting; semi-annually the third-country register, conflicts, side letters; annually every policy, delegate due diligence and reassessment, substance, fees, offering documents and the board report.