
Press release

AFME seeks to harmonise Post Trade network selection process with new standardised due diligence questionnaire

8 December 2016

The Association for Financial Markets in Europe (AFME) has published a new due diligence questionnaire with a view to standardising and simplifying the process of completing such questionnaires for sub-custodians.

Previously, sub-custodians faced the burdensome challenge of responding to clients' individual questionnaires, which were inconsistent in the questions outlined and covered many of the same risk themes and due diligence topics.

Consensus was built to simplify the process of evaluating sub-custodians at the Network Managers (NeMa) conference in 2015. The AFME Post Trade Board subsequently created an AFME Task Force, comprising about 20 Network Managers, with a view to producing the harmonised questionnaire.

The work was coordinated by a group of leading European and international banks with operations in Europe that issue and receive proprietary questionnaires aimed at ensuring that securities and cash are held appropriately in safe custody.

Using a Thomas Murray questionnaire as a baseline, AFME's goal was to harmonise 80% of members' questions. That percentage proved to be significantly higher when AFME recently piloted the document. The harmonised questionnaire provides for certainty in relation to an agreed set of questions and simplification of the process for all parties.

Alan Cameron, Global Solutions Sponsor - Clearing and Custody Services at BNP Paribas Securities Services and Chair of the AFME Due Diligence Questionnaire Task Force, commented: "Our industry is delighted that AFME took the lead in addressing this long-running and increasingly burdensome issue. We are grateful to all the banks that contributed to this project and look forward to working with them to ensure the maximum usage in 2017 and the years ahead. Whilst getting the questions agreed amongst ourselves is important, the success of this project will be measured by usage across our industry."

Stephen Burton, Managing Director, AFME Post Trade, added: "AFME's harmonised and standardised questionnaire will accelerate the completion process, highlight discrepancies and allow for a year-on-year comparison. The finalised document was only possible due to the commitment of the Task Force members. We are pleased that so many banks have decided to use the questionnaire in next year's due diligence process."

AFME members encourage the use of this document by clients of global custodians, and sub-custodians as providers to global custodians who are involved in sending or responding to due diligence questionnaires.

The document will be reviewed by AFME in the third quarter of 2017 to reflect any regulatory changes or major themes which develop over the coming year.

The questionnaire is available to all in word format, free of charge, at:
<http://www.afme.eu/en/reports/industry-guidelines/>

Firms participating the development of the questionnaire included: Bank of America Merrill Lynch, BNP Paribas, BNY Mellon, Citi, Deutsche Bank, Goldman Sachs International, J.P. Morgan, Nomura, Nordea, Northern Trust, Standard Chartered, Société Générale, Standard Bank, Thomas Murray Data Services, UBS and UniCredit.

– Ends –

AFME Contact

Rebecca Hansford

European Media Relations Manager

rebecca.hansford@afme.eu

+44 (0)20 3828 2693

+44 (0)7825 081 686

About AFME:

1. AFME (Association for Financial Markets in Europe) promotes fair, orderly, and efficient European wholesale capital markets and provides leadership in advancing the interests of all market participants. AFME represents a broad array of European and global participants in the wholesale financial markets. Its members comprise pan-EU and global banks as well as key regional banks, brokers, law firms, investors and other financial market participants. AFME participates in a global alliance with the Securities Industry and Financial Markets Association (SIFMA) in the US, and the Asia Securities Industry and Financial Markets Association (ASIFMA) through the GFMA (Global Financial Markets Association). For more information please visit the AFME website: www.afme.eu.
2. Follow us on Twitter [@news_from_afme](https://twitter.com/news_from_afme)