

Chapter 11

Master-feeder arrangements for UCITS schemes



11.5 Auditors

Information-sharing agreement between auditors

11.5.1 R

Where a *master UCITS* and a *feeder UCITS* have different auditors, those auditors must enter into an information-sharing agreement in order to ensure the fulfilment of their respective duties, including the arrangements taken to comply with ■ COLL 11.5.3 R and ■ COLL 11.5.4 R (Preparation of the audit report).

[Note: article 62(1) first paragraph of the *UCITS Directive*]

Contents of the information-sharing agreement between auditors

11.5.2 R

- (1) The information-sharing agreement referred to in ■ COLL 11.5.1 R must include:
 - (a) identification of the *documents* and categories of information which are to be routinely shared between both auditors;
 - (b) whether the information or *documents* referred to in (a) are to be provided by one auditor to the other or made available on request;
 - (c) the manner and timing, including any applicable deadlines, of the transmission of information by the auditor of the *master UCITS* to the auditor of the *feeder UCITS*;
 - (d) the co-ordination of the involvement of each auditor in the accounting year-end procedures for their respective *scheme*;
 - (e) identification of matters that must be treated as irregularities and disclosed in the audit report for the *master UCITS* for the purposes of ■ COLL 11.5.3R (2);
 - (f) the manner and timing for handling ad hoc requests for assistance from one auditor to the other, including a request for further information on irregularities disclosed in the audit report for the *master UCITS*; and
 - (g) provisions regarding the preparation of the audit reports referred to in ■ COLL 11.5.3 R and ■ COLL 4.5.12 R (Report of the auditor) and the manner and timing for the provision of the audit report for the *master UCITS* (and drafts of it) to the auditor of the *feeder UCITS*.
- (2) Where the *feeder UCITS* and the *master UCITS* have different accounting year-end dates, the information-sharing agreement must include the manner and timing by which the auditor of the *master*

		<p><i>UCITS</i> is to make the ad hoc report as required by ■ COLL 11.5.4 R and to provide it (and drafts of it) to the auditor of the <i>feeder UCITS</i>.</p> <p>(3) Where a <i>master-feeder agreement</i> exists in accordance with ■ COLL 11.3.2R (1) (Master-feeder agreement and internal conduct of business rules), the information-sharing agreement between the auditors must provide that <i>UK law</i> applies to that agreement, and both auditors agree to the exclusive jurisdiction of the <i>UK courts</i> in relation to that agreement.</p> <p>(4) Where the <i>master-feeder agreement</i> has been replaced by internal conduct of business rules in accordance with ■ COLL 11.3.2R (2) (Master-feeder agreement and internal conduct of business rules), the information-sharing agreement between the auditors must provide that <i>UK law</i> applies to that agreement, and both auditors agree to the exclusive jurisdiction of the <i>UK courts</i> in relation to that agreement.</p> <p>[Note: articles 27 and 28 of the <i>UCITS implementing Directive No 2</i>]</p>
11.5.2A	R	<p>(1) An <i>information-sharing agreement</i> between the auditors that is effective prior to <i>IP completion day</i> need not comply with ■ COLL 11.5.2R.</p> <p>(2) This paragraph applies where the applicable law of the <i>information-sharing agreement</i> between the auditors was:</p> <p>(a) <i>United Kingdom law</i> before <i>IP completion day</i>, and remains so; or</p> <p>(b) the law of a given <i>EEA State</i> before <i>IP completion day</i>, and remains so.</p>
11.5.3	R	<p>Preparation of the audit report</p> <p>When preparing its audit report, the auditor of a <i>feeder UCITS</i> must:</p> <p>(1) take into account the audit report of the <i>master UCITS</i>; and</p> <p>(2) report on any irregularities revealed in the audit report of the <i>master UCITS</i> and their impact on the <i>feeder UCITS</i>.</p> <p>[Note: article 62(2) first paragraph first sentence and second paragraph of the <i>UCITS Directive</i>]</p>
11.5.4	R	<p>Where a <i>master UCITS</i> and one or more of its <i>feeder UCITS</i> have different accounting years, the auditor of the <i>master UCITS</i> must make an ad hoc report on the closing date of the accounting year of each <i>feeder UCITS</i>.</p> <p>[Note: article 62(2) first paragraph second sentence of the <i>UCITS Directive</i>]</p>
11.5.5	G	<p>Disclosure by an auditor</p> <p>Section 351A of the <i>Act</i> provides that where an auditor of an <i>AUT</i> or <i>ACS</i> which is a <i>master UCITS</i> or a <i>feeder UCITS</i>, or any <i>person</i> acting on their behalf, makes a disclosure to comply with rules implementing Chapter VIII of the <i>UCITS Directive</i>, that disclosure is not to be taken as a contravention of</p>

any duty to which the *person* making the disclosure is subject. The *OEIC Regulations* (see regulation 83A) contain corresponding provisions for auditors of *ICVCs* that are *feeder UCITS* and *master UCITS*.

Responsibility of authorised fund managers

11.5.6

R

The *authorised fund managers* of a *master UCITS* and a *feeder UCITS* must ensure that the terms on which auditors of their respective *schemes* are appointed require each auditor to comply with the *rules* in this section.