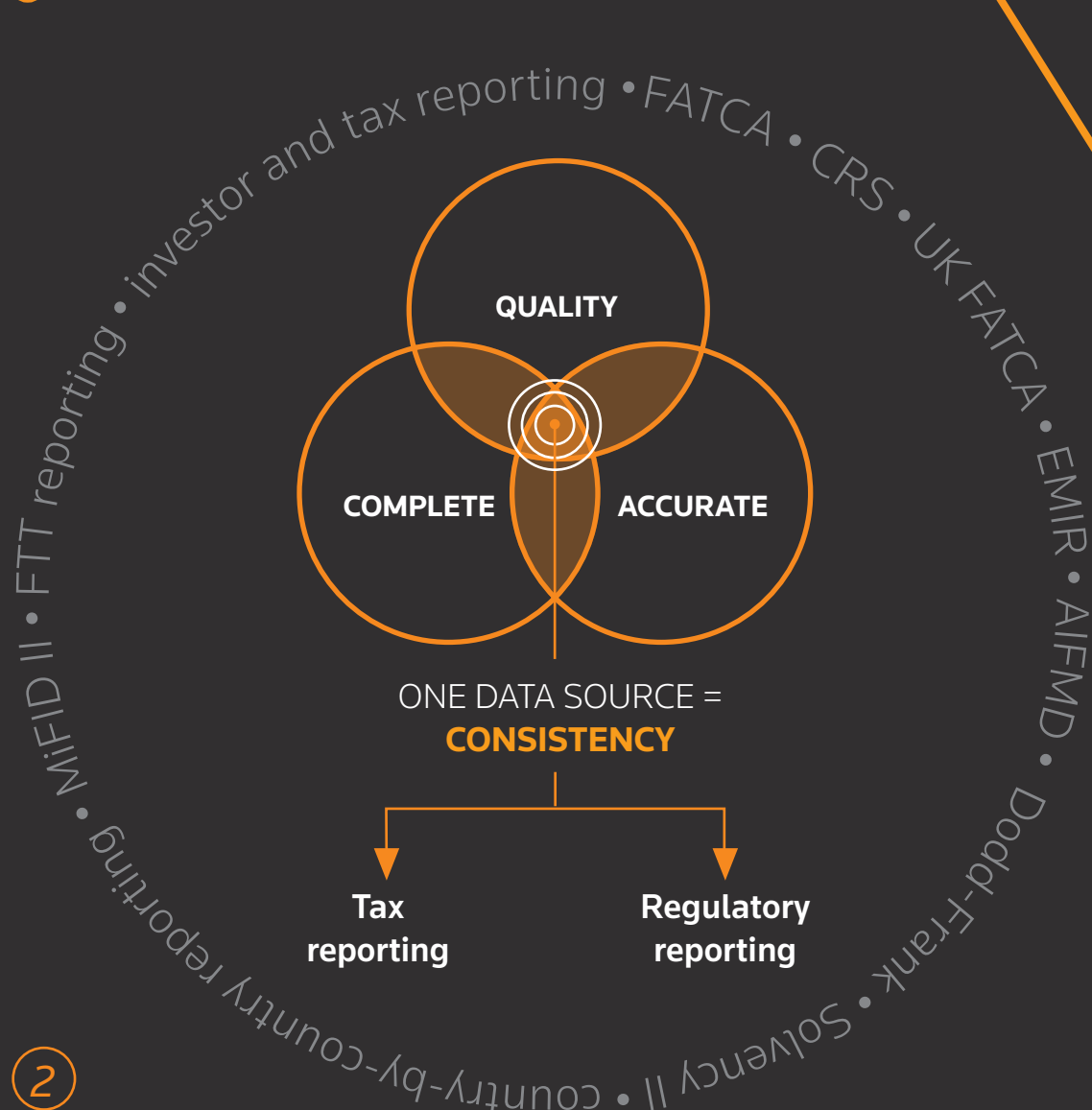


10 THINGS EVERY ASSET MANAGER SHOULD KNOW IN 2016

Asset management is moving more and more into centre stage within the financial services industry as a whole. With this elevated position comes greater scrutiny from the regulators. Here are 10 things asset managers should be addressing throughout 2016 to ensure regulatory compliance:



ONE SOURCE OF TRUTH



THE CHANGING GLOBAL TAX ENVIRONMENT AND TAX AS A REPUTATIONAL ISSUE

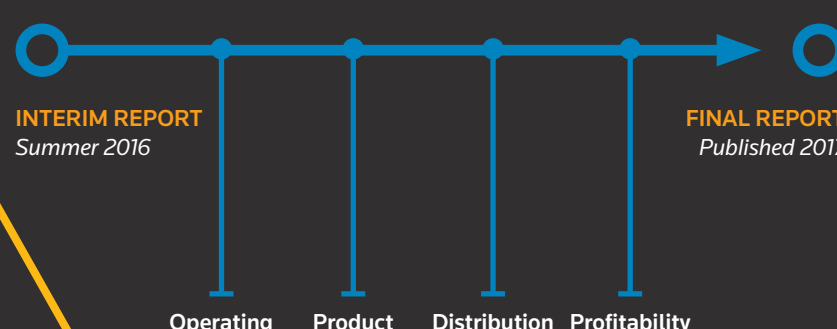
The Organisation for Economic Co-operation and Development's (OECD) Base Erosion and Profit Shifting (BEPS) project will have an impact on asset managers this year. Key provisions in the agenda include:

- Changes to the threshold for creating a permanent establishment in a third country
- The OECD continues to consult on the Double Tax Agreements
- Proposed limit of 30% of Earnings Before Interest, Taxes, Depreciation and Amortization in the recent UK Budget: Managers need to review how they finance investment opportunities



FCA MARKET STUDY ON ASSET MANAGEMENT

Before the final report is published, firms need to be scenario planning for the following:



PACKAGED RETAIL INVESTMENT AND INSURANCE-BASED PRODUCTS (PRIIPS)

Rules apply from 3rd January 2017. But firms need to prepare during 2016:

GENERAL DATA PROTECTION REGULATION (GDPR)

Can you prove permission has been obtained for use of data across territories and to third parties?

Do you know where all personal data resides in order to be able to execute on the new requirements?

Do you have mechanisms in place for the timely transfer of an individual's data to another service provider?

Which of your non-UCITS products are in scope of PRIIPs?

New key information documentation for each PRIIP

Will any of your products be subject to the new "comprehension alert" for complex products?



MARKETS IN FINANCIAL INSTRUMENTS DIRECTIVE (MiFID II)

Current deferral of implementation = January 2018. In the meantime firms need to discuss NOW:

How will the final research rules effect how the firm currently receives and uses data?

Would the firm prefer to deal with outside systematic internalisers?

How will the greater cost disclosures be produced?

What will be the impact of the updated best execution requirements?



EFFECTIVENESS OF OVERSIGHT FUNCTIONS

Review existing service-level agreements and other contractual obligations:

Review how firm delegates

Are delegates effectively overseen?



REMUNERATION & DISCLOSURES

AIFMD: 2016 means first round of remuneration disclosures for most AIFMs in annual reports

UCITS V:

Information needs to be:

- ✓ Relevant
- ✓ Reliable
- ✓ Comparable
- ✓ Clear

Have remuneration policies in place that:

- ✓ Promote sound & effective risk management
- ✓ Discourage risk-taking inconsistent with risk profiles of UCITS
- ✓ Do not impair compliance with the Manager's duty to act in best interest of the UCITS



BOARD MANAGEMENT INFORMATION (MI)

The Senior Managers Regime is set to be extended to include asset managers:

Does the firm have effective MI tools to allow senior management to fulfill their duties and comply with the regime?

Are risk and compliance responsibilities understood across the firm?



BREXIT?

YES
or
NO?