

JANUARY 2016

360° EXPERT PANEL



UCITS V

Overview

UCITS V: DEPOSITARY BANKS IMPACTS WITH REGARDS TO UCITS MANAGEMENT COMPANIES

DEPOSITARY

UCITS MANAGEMENT COMPANIES

● REMUNERATION POLICY

- Checking management companies remuneration policy is written in the prospectus

- Need to have a clear remuneration policy and provide figures in the KIID, prospectus and annual report.

● LEGAL

- Increased oversight and responsibilities
- Depository/Management company independence
- Europe-wide harmonisation of the depository regime
- Procedure for escalation to local authorities and fund auditors
- Stronger investor protection
- Monitoring of sub-custodians to include due diligence process, independent legal advices and contracts updating

- Ensure eligibility of the depository and independence
- Increased regulatory obligations
- Increased transparency towards investors and local authorities
- Escalation procedure requiring notification to investors
- Reinforced assistance to facilitate relations between the depository and its direct counterparties
- Intensified oversight and due diligence rights over the depository

● IT

- New cash flow monitoring tool
- Record keeping tool update
- Cash and OTC transaction reconciliation

- Consolidation of counterparty data
- Automation of data flow to depositaries

“UCITS V is an opportunity for market players to increase automation.”

● OPERATIONS

- Segregation of UCITS assets at sub-custodians level
- Asset ownership verification
- Reinforced escalation procedure
- Checking of significant and inconsistent cash amounts

- Depository oversight with onsite visit (due-diligence process)
- Implementation of depository data flows
- Strict follow-up of incidents with a report to the depository
- Change order instructions if necessary

● IMPLEMENTATION

- Implementation of:
 1. Legal agreements and Service Level Agreements
 2. IT connectivity
 3. Operational flows
- Change management / internal training
- Dedicated implementation team

“Staff training will be a key element of the successful implementation of UCITS V.”

● COST IMPACT

- Client impact analysis
- Implementation cost

OUR EXPERTS ANSWER YOUR QUESTIONS



What does UCITS V change for me?

● LEGAL

UCITS V increases the responsibility of your counterparties and reinforces rights of oversight and control over the depositary. The directive sets new rules for UCITS depositaries on their duties and responsibilities, particularly regarding entities eligible to act as such. It aims to harmonize the rules regarding the authorisation, supervision, structure and activity of UCITS established in EU member states, as well as the information they have to report in order to tighten up investor protection.

● IT

The automation of flows and processes will strengthen the security of the data produced and stored.

● OPERATIONS

Operational efficiency will reduce the risk of errors and save time.

● SALES

UCITS V will strengthen the confidence of investors in the UCITS brand and therefore potentially increase sales of UCITS.



Will SGSS meet the deadlines?

● LEGAL ● IT ● OPERATIONS

Société Générale has put in place the required resources in order to provide its clients the best support and meet all the deadlines set by the Directive, anticipating business and clients' requirements.



What is expected of me?

● LEGAL

An increase in the exchange of information is to be expected as well as greater transparency towards investors and other counterparties.

● IT

A clear and precise statement of requirements and data to be provided in a reasonable timeframe.

● OPERATIONS

Send to the depositary bank new data in order to be operationally in line with the regulation.

“We are more than a partner for our management company customers. We are part of a genuine team.”



How much will it cost me?

● LEGAL ● IT ● OPERATIONS

The cost is incorporated case by case into the commercial offering and expressed as a percentage of assets.

SGSS COMMITMENT

UCITS V brings additional duties and responsibilities to Depositaries and UCITS Asset Management Companies.

SGSS is fully compliant with this new depositary regime and we believe UCITS V is an opportunity for us to prove to our clients that we are committed to propose them the highest level of services.

As the 2nd largest European Custodian, we are entrusted with the safety of nearly 4,000 billion of assets, providing custody and trustee services for 3,700 funds across 7 European domiciles.

Our clients benefit from an impact analysis and dedicated action plans to implement UCITS V provisions as smoothly as possible. This results in the update of our procedures, depositary agreement-, operating memorandum and other standard agreements.



SOCIETE GENERALE SECURITIES SERVICES (SGSS)

Present in 28 locations worldwide with around 4,000 employees, SGSS provides financial institutions and brokers, asset managers and insurers, and businesses with a full range of securities services adapted to the latest financial market and regulatory trends: clearing services, custody and trustee services, retail custody services, liquidity management, fund administration and asset servicing, fund distribution and global issuers services.

SGSS is ranked among the top 10 worldwide global custodians and the 2nd largest in Europe with EUR 3,995* billion of assets under custody. SGSS provides custody & trustee services for 3,653* funds and the valuation of 4,101* funds, representing assets under administration of EUR 585* billion. SGSS also ranks among the European leaders in stock option management.

*Figures at end-September 2015

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SOCIETE GENERALE

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