



News

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**Contacts:**

Pete Settles  
KPMG LLP  
Tel: 201-505-6065  
Cell: 732-546-4212  
Email: [psettles@kpmg.com](mailto:psettles@kpmg.com)

**GLOBAL INVESTMENT MANAGEMENT INDUSTRY CONTINUES TO FACE A REGULATORY AVALANCHE OF DISPARATE RULES: KPMG REPORT**

*Progress is Slow, But Moving toward More Consistent Rules across Every Region*

**NEW YORK, July 17** – In its fourth annual analysis of global financial regulations, KPMG, the audit, tax and advisory firm, says investment managers continue to face daunting challenges brought on by a changing global regulatory environment, which is fraught with unanswered questions and an array of differing rules in each region.

Observers, however, are beginning to see some consistency regarding the implementation of new regulations across the globe, with the U.S. and Europe setting the bar and Asia catching up.

“We are beginning to see progress toward more consistency with regard to global regulations but there still remains disparity in the regulatory requirements across the regions,” said John Schneider, head of KPMG’s Investment Management Regulatory practice in the U.S. and a co-author of the report.

“The goal is to reach a global connectiveness and consistency as to how regulations unfold, which is critical if we are to make sure the competitive landscape is not significantly altered,” Schneider added.

In the U.S., investment managers have been dealing with new regulations brought about by the Dodd Frank Act and other legislation, such as Advisor Registration, Form PF and Cost Basis Reporting, all of which require new forms of disclosure reporting and increased infrastructure needs.

**(more)**

## **KPMG Report: Evolving Management Regulation - Page 2**

The exhaustive 54-page report, titled “*Evolving Investment Management Regulation: A clear path ahead?*” examines the regulatory push in the investment management industry in the U.S., Europe, the Middle East, Africa and Asia, and involves an alphabet soup of government agencies and organizations. It says the “avalanche” of regulations is the result of two common objectives being pursued globally—protecting consumers and preventing another global financial crisis similar to 2008.

“Consumer protection and financial systemic risk mitigation are the driving forces for regulatory change that are being applied consistently. And while there have been delays in implementing many of the regulations on a global basis, taking the extra time has contributed to making them stronger and more workable,” Schneider noted.

### ***The America’s Perspective***

However, regulatory change may also lead to new growth opportunities for the industry.

“While there is significant pressure on the Investment Management industry today from individual and institutional investors for more transparency, this could very well lead to more opportunity for growth as investors’ confidence is strengthened,” said Jim Suglia, head of KPMG’s investment management sector, Global Advisory, and a lead editor of the report.

According to Suglia, regulators in the U.S. will keep a diligent and close watch as expanded registration, reporting and disclosure requirements continue to be implemented. Investment managers representing private funds, money market funds and new instruments will continue to be scrutinized with increased frequency and intensity of examinations.

“But the result could be positive as the mystique of certain investment instruments becomes much more clear to investors,” Suglia said.

**(more)**

## **KPMG Report: Evolving Management Regulation - Page 3**

### ***Other Key Findings in the Report***

- Alternative Investments are under the spotlight with regard to financial stability and market transparency, with increased scrutiny of hedge funds and alternative investment vehicles.
- Globally, attention is focused on institutional investors and products such as hedge funds, which were initially blamed for the financial crisis. This has led to measures that critics say go far beyond the amount of protection institutional investors actually need.
- Offshore firms have their own set of challenges. Regulations from Europe and the U.S. will have notable implications for offshore centers.
- Tax has been particularly prominent where authorities are facing unprecedented deficits. The avoidance of tax fraud has led to the FATCA regulation in the U.S., which has potential implications for all global firms.

“*Evolving Investment Management Regulation – A clear path ahead?*” can be downloaded by clicking [here](#). The report is published by KPMG’s Financial Services Regulatory Centre of Excellence and builds upon last year’s report, “*Meeting the Challenge.*”

### **About KPMG LLP**

KPMG LLP, the audit, tax and advisory firm ([www.kpmg.com/us](http://www.kpmg.com/us)), is the U.S. member firm of KPMG International Cooperative (“KPMG International.”) KPMG International’s member firms have 145,000 people, including more than 8,000 partners, in 152 countries.