



Arendt
regulatory
& consulting

distribution
risk
monitoring

Boost the distribution of your funds through effective monitoring

Oversight and monitoring of the distribution risk has progressively gained ground as regulations and supervisory practices make the responsibilities of governing bodies more visible in this domain.

Distribution incidents and problems revealed during the financial crisis have also helped the industry to recognise the risks that may be caused by the distribution of financial products.

Finally, important regulatory changes (AIFMD, RDR, MIFID 2 (e.g. retrocessions ban, product governance, etc.)) will impact the way funds are distributed today, making it more and more important to proactively deal with distribution as a key driver of success alongside fund performance.

Fragmented oversight practices

Industry oversight practices over distribution are fragmented as distribution models are many and varied.

The risks attached to distribution really depend on the characteristics of the distribution model which can generally increase in complexity over time.

The degree of risk can also change depending on the

countries where the funds are distributed, the size and the nature of the distribution network, the level of fragmentation of the stakeholders involved and the number and variety of contractual arrangements in place.

Focus on real risks and make full use of controls results

Monitoring fund distribution can be an expensive undertaking for those who commence it without careful consideration. It is important to design a proportionate approach focusing on the real risks. But, far beyond compliance documentation, an improved knowledge of distribution network and clients, together with streamlined results of controls, allow funds to improve the efficiency of their distribution strategy.

The Fund Distribution Puzzle



Model

Understand model(s) of distribution
Adapt controlling resources and oversight means

Data

Same data can be used for the purpose of controlling different areas
Transversal approach

Controls

Adapt control framework to model in place and identified areas of risks
Proportionality
Risk-based approach

A suite of dedicated “à la carte” solutions



Our experts at Arendt Regulatory & Consulting have long-standing experience in fund distribution, governance and monitoring of delegated activities. They have built an “à la carte” approach to help UCITS and AIFs, management companies and fund managers to build the groundwork for an optimised fund distribution oversight process.

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