

THE REGULATORY AVALANCHE: A FOCUS ON INVESTOR PROTECTION

With numerous new proposals on the table, the industry is abuzz with discussions about the “regulatory avalanche.” While the volume of new potential rules and regulations may make asset managers feel like they’re under siege, taking a broader view of the changes can actually help you serve your investors better.

Whether the topic is liquidity risk management, the Department of Labor’s fiduciary rule, or the SEC’s Distribution in Guise initiative, a common thread running through these regulatory initiatives is investor protection and education. As a result, they share several common themes. Understanding and focusing on these common themes can make the ever-shifting regulatory landscape easier to navigate.

What are the common themes?

- **Data transparency** – Today’s unprecedented access to data allows asset managers and regulators to identify trends, patterns and potential issues quickly. This sea of information gives us more opportunities to spot issues that may require attention earlier, helping to mitigate risk in the markets and, ultimately, risk to investors.
- **Fee transparency** – Disclosures, documentation and clarity on fee structures help the end investors understand what they are paying for, and to make more informed decisions when they are investing.
- **Investor education** – Asset managers can help restore trust by providing information in clear, concise and accessible ways.

At Northern Trust, we recognize that the needs of end investors are the foundation of our industry. Through our global funds services, we strive to help asset managers grow their business by understanding the needs of their end investors, and meeting them.

Common Regulatory Themes:

- Data transparency
- Fee transparency
- Investor education

While it's easy to focus on the burdens of regulation, understanding and embracing the underlying themes of how they serve investors can make the changes easier to handle. While the industry will continue to provide feedback to regulators on the specifics of new proposals, our shared purpose is the same – to meet the needs of the investing public with products designed to help them achieve their goals. Front office or back office, asset manager or asset servicer – it's all connected, and it's all about the end investor.

LEARN MORE

If you would like to learn more about how we can help you manage risk and keep pace with regulatory change, please contact us.

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In our own business, focusing on end investors' needs helps us to:

- Design tools that simplify retrieving information for our clients
- Understand changes in the distribution landscape to better help our clients who launch new products or enter new markets
- Manage risk effectively and proactively
- Keep pace with regulatory change
- Ensure accurate and timely processes throughout our fund servicing operations

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