



Evolving Asset Management Regulation Report 2024

Building strong foundations

Executive summary

KPMG International | [kpmg.com](https://www.kpmg.com)



After four years of rapid-fire regulatory development, many regulators are now taking stock and shifting efforts from policymaking to supervision. Embeddedness is being assessed. Compliance is being checked. Guidelines are being published. And rules are being updated and amended to reflect asset managers' feedback and real-life experience. Asset managers should proactively seize this window of opportunity to build strong foundations for regulatory compliance going forward.

While the pace of new regulation may have slowed slightly, this report identifies several key topics and focus areas that are rapidly changing — often in diverging ways depending on the market and the regulator's stance. Here are some highlights of the report.

This year's *Evolving Asset Management Regulation* report finds that regulators remain highly focused on **anti-greenwashing** measures in the asset management sector. A number of jurisdictions are introducing or considering sustainability-related product labels, enhancing the scope of disclosures and creating rules to ensure that fund names and marketing materials are not misleading.

The regulation of **AI and digital technology** is also front and center with regulators around the world taking different approaches and moving at different paces — creating challenges for global asset managers seeking

to harness the benefits of new technology. This year's report also notes efforts in some markets to clarify the circumstances under which funds can be tokenized, and whether retail funds should be able to invest in crypto assets.

As assets under management grow globally and the sector becomes increasingly interconnected with the real economy, regulators remain focused on **systemic risk**. With global standards now set for open-ended fund liquidity practices and money market funds, regulators are shifting their focus to risks relating to leverage



and increasing transparency through the introduction of new reporting requirements for funds. There is also a new and particularly noteworthy focus on the private assets sector.

At the same time, requirements relating to **resilience** are being updated and enforced. Implementation deadlines for operational resilience requirements are approaching rapidly. Cyber resilience remains firmly in the regulator crosshairs. And AML and CFT regulations and requirements are being tightened.

Meanwhile, regulators are strengthening **consumer protection** frameworks, updating disclosure requirements, tightening product governance and checking the embeddedness of existing rules. They are also taking a close look at the value of investment products and services to ensure investors are getting fair value and receiving the service they are paying for.

While **good governance** is always an important consideration for regulators, there are specific areas capturing their focus more recently. Accountability frameworks are being updated. Fund governance expectations are being tightened. Revised rules on the delegation of portfolio management have been finalized in Europe. And reviews of frameworks that govern asset managers' stewardship of investee companies are underway.

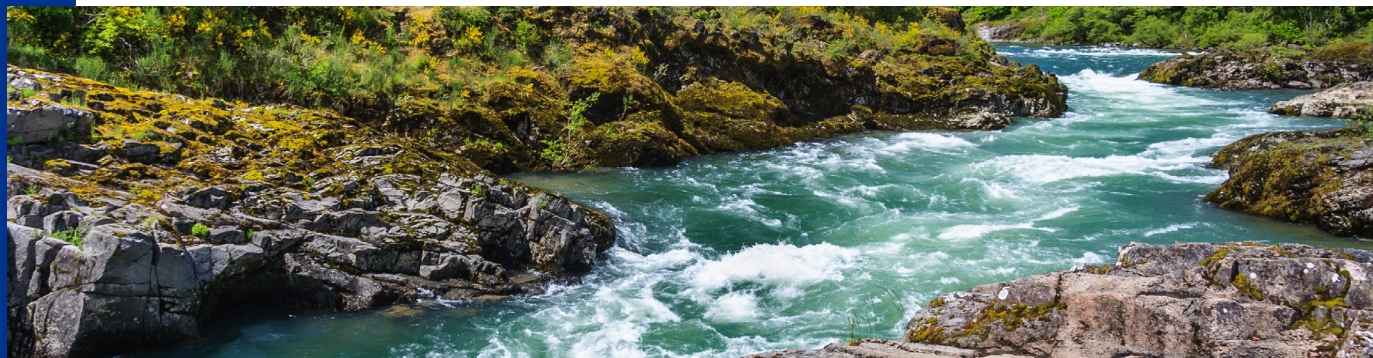
Regulation isn't just about risk; it's also about opportunity. As policymakers move to promote their own asset management and capital market industries, authorities are looking to broaden the range of investments available to investors in their markets. They are also seeking to create **opportunities for fund management companies** to bring new products to market to better meet investor demand.

What is clear is that **regulatory change management** is evolving from a compliance challenge into a strategic data and workflow opportunity. And it is increasingly being driven and evidenced by digitalized, centralized end-to-end obligation capture and mapping. Asset managers are enhancing their approach to compliance to become more efficient and effective.



Key actions for CEOs

- **ESG and sustainable finance:** Assess your global product strategy and ESG governance. Implement a common framework across your firm to define which products qualify as ‘sustainable’.
- **Digital innovation:** Ensure the latest regulatory communications and expectations are factored into your business strategy and your product manufacturing and approval processes.
- **Systemic risk and markets:** Consider how private assets can be brought into your wider corporate and product strategy. Review the governance arrangements underpinning fund liquidity risk management.
- **Building resilience:** Build a culture of promoting financial and operational resilience within the board. Assess third party and outsourcing arrangements thoroughly under different scenarios.
- **Protecting retail investors:** Review your firm’s strategy, governance structures, culture and purpose to ensure it is aligned with customers’ best interests.
- **Governance and accountability:** Assess board composition to ensure sufficient knowledge, expertise and independent challenge. Evaluate current governance frameworks and accountabilities against regulators’ expectations as they evolve.
- **Increasing manager and investor choice:** Identify potential opportunities to bring new products to market or grow market share in key geographies.
- **Digitalizing regulatory change:** Adopt regulatory horizon scanning technologies, automate appropriate processes and standardize data collection and assessment.



kpmg.com



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2024 Copyright owned by one or more of the KPMG International entities. KPMG International entities provide no services to clients. All rights reserved.

KPMG refers to the global organization or to one or more of the member firms of KPMG International Limited (“KPMG International”), each of which is a separate legal entity. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. For more details about our structure please visit kpmg.com/governance.

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

Throughout this document, “we,” “KPMG,” “us” and “our” refers to the global organization or to one or more of the member firms of KPMG International Limited (“KPMG International”), each of which is a separate legal entity.

Designed by Evalueserve.

Publication name: Building Strong Foundations — Executive summary | Publication number: 139544-G | Publication date: September 2024