

BAN ON INDUCEMENTS

Impact on the distribution model and strategy



Banks

Going to my bank constitutes a win for me, but only if I enjoy benefits such as trust, zero advisory fees and a wide range of products as a result.

Should I trust the in-house products of my bank?

MARKET IMPACT

- Ban on inducements does not cover «in-house» products and lowers the incentive to offer independent products.
- There could be less competition among financial products and less choice for retail investors as a result.

STRATEGY

Boost number and variety of in-house products.

Why? Give retail investors adequate choice of products.

Independent financial advisers

Paying for independent financial advice constitutes a win for me, but only if I get value for money, solid return and independence.

Should I use financial advisers?

MARKET IMPACT

- Fees will be transparent for investors. Will they agree to pay for advisory services?
- Banning inducements may remove a significant portion of IFA revenue.
 - A reduction in the number of IFAs may lead to less advisory choice for smaller investors.

STRATEGY

Select products with a proven track record.

Why? Ensure returns and value for money.

Offer efficient financial plans.

Why? Persuade investors to trust an IFA's advisory skills.

Provide transparent information regarding fees.

Why? Foster trust and demonstrate independence.

Should I make my own choices?

Fund platforms/ online platforms

Using a fund platform/online platform constitutes a win for me, but only if I get low cost service tied with quick execution and availability of necessary information.

Should I go direct to the fund promoter?

Fund promoters

Going direct to a fund promoter constitutes a win for me, but only if I receive products I understand at reasonably low rates.

MARKET IMPACT

- Without financial incentives, promoters risk losing banks and IFAs as distribution channels.

STRATEGY

Create simpler products with lower management fees.

Why? Cater for smaller retail investors.

Ensure more complex products give solid returns.

Why? Convince IFAs to promote them.

MARKET IMPACT

- Smaller retail investors who are not ready/willing to pay for advice may go directly to platforms.
- Banning inducements may lead to an increase in low cost, information-only, execution-only business models.
- Social media and internet companies may enter into the industry.

STRATEGY

Improve existing platforms by creating add-on services, such as fund screening, factsheets, risk reporting and execution management.

Why? Offer investors user-friendly platforms combined with provision of necessary information.

Develop new digital distribution models.

Why? Meet new generation expectations.

Why KPMG?

- ✓ A dedicated team of experienced and multilingual specialists covering all aspects of cross-border fund registration.
- ✓ Regular contact with the financial regulators in Europe and abroad.
- ✓ Tax (calculation and reporting), reporting (financial and statistical) and compliance review of marketing materials across 72 jurisdictions.
- ✓ Access to the electronic platform of various authorities.

Fund Distribution Services (FDS)
KPMG can provide a full range of services for your fund distribution needs



VALUE FOR FUNDS

Fund Distribution Services

kpmg.lu

How best to invest?

Your contacts for Fund Distribution Services:



Vincent Heymans

Partner, Advisory

T: +352 22 51 51 7917

E: vincent.heyman@kpmg.lu



Saïd Fihri

Senior Manager, Advisory

T: +352 22 51 51 7892

E: said.fihri@kpmg.lu

Follow KPMG Luxembourg on:



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.

© 2014 KPMG Luxembourg S.à r.l., a Luxembourg private limited company, is a subsidiary of KPMG Europe LLP and a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Luxembourg.

KPMG can assist you in responding to the new EU regulatory environment and help you to increase efficiency in your fund distribution activities and in your key distribution international markets by offering a full range of tailored services.

Assistance with development, implementation and maintenance of distribution methodologies for your funds within and outside the EU.

Initial registration

We can offer a complete service for the approval process for initial fund registration, preparing the file for submission to foreign authorities, to enable you to market your products to retail and institutional clients.

Maintenance

Assistance in the compliance with ongoing and changing regulatory obligations in your chosen jurisdictions.

Financial and statistical reporting

Coordination of the submissions of financial reporting to foreign authorities where required.

Assistance in the production of periodical statistical reporting as requested in some countries.

Tax calculation and reporting

Global service covering the tax features related to fund distribution activities.

Advice on compliance with local tax requirements.

Regulatory watch

Ongoing regulatory monitoring in more than 70 countries.

Additional services

Production of KIIDs, coordination of translations, market studies, assistance in the appointment of local agents, advice on private placement rules and compliance review of marketing materials.

Be up-to-date through tailored status reports provided on a timely basis.

Status reports allowing you to monitor the registration, the maintenance and the filing of financial reports by country at the level of your funds, sub-funds and share classes. These status reports are tailor-made taking your business needs into consideration.

KPMG Luxembourg can provide you with a single point of contact.

Streamline your communication channels by centralizing the information related to your fund distribution activities through KPMG Luxembourg.