

Broadridge Publishes Research on Potential Impact of RDR Chapter 5 Regulation

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LONDON, July 17, 2012 /PRNewswire/ -- [Broadridge Financial Solutions](#), Inc. (NYSE: BR) today announced the publication of an industry white paper that explores UK market views on the specific requirements set out in Chapter 5 (*Investing in authorised funds through nominees*) of the Retail Distribution Review (RDR). These rules relate to those organisations responsible for the provision of nominee services to retail investors investing in authorised funds, and demand the timely distribution of certain mutual fund information and notification of voting events to all underlying investors.

(Logo: <http://photos.prnewswire.com/prnh/20110920/MM71626LOGO>)

"This white paper presents the many concerns of firms that are faced with implementing mechanisms in order to be compliant with the upcoming rules," said Bruce Babcock, President, Investor Communication Solutions International, Broadridge. "Its findings reveal that firms need to focus on methods of electronic communication and evaluate other ways to minimise costs, such as considering streamlining operational functions and making use of outsource partners. It is also important that they look to execute best voting practices and ensure that business decisions made today reflect the possible direction of future legislation."

The Broadridge white paper, "*RDR Intermediate Unitholder Obligations - The Developing Landscape for Nominees and Retail Investors*," has been produced in association with UK specialist benchmarking and research organisation, ComPeer Ltd. The publication is based on industry research and interviews with a range of market participants including wealth managers (execution only, discretionary and advisory firms) and platform providers. The paper offers a detailed insight into the potential impact this new legislation may have on those holding nominee accounts – banks, brokers, mutual fund holders and fund platforms – and delivers a comprehensive overview of the challenges and concerns that firms may face and the compliance strategies they are managing.

The FSA-inspired policy aims to supply investors who access authorised funds through a nominee with the same information as those holding units in funds directly. Specifically, these mutual fund nominees (or intermediate unitholders) will have to make available information that informs the individual investor about their investments, such as short reports. In addition, a firm must send notifications of voting events, along with a summary of the events' subject matter and possible consequences of the voting outcome.

"Since the circulation of the RDR consultation paper in 2010 little has been discussed about this particular section of the regulation and its subsequent Policy Statement 11/09 and, as firms manage the broader requirements of the legislation, we believe it is in danger of being overlooked," added Mr. Babcock. "This piece of research aims to bring attention to the obligations and strategies that need to be considered and adopted by banks, brokers and platform providers in the UK to support their efforts in meeting approaching compliance deadlines, for, even with the possibility of deferral, the guidelines will stand and compliance will be necessary in the near future."

Key findings of the paper include the following market recommendations to those firms likely to be affected by the legislation:

Move to an electronic communications environment:

Firms should consider implementing an effective e-strategy which allows them to communicate electronically as much as possible and, consequently, they must then ensure that they have the means to maintain clients' communications preferences and up-to-date email data.

Implement strategies to manage the potential costs:

The responsibility of complying with these rules is placed directly on the intermediate unitholder and does not allow investors to opt out of receiving these communications or be charged for this service. As a result, firms expect to have to manage significant distribution and operational costs, including print, postage and staffing expenditure.

Plan ahead for future regulation:

The systems and infrastructure that will be developed to meet the requirements of RDR should also take into account future requirements of other upcoming legislation, namely that of the EU Securities Law Directive in 2013, which is likely to extend similar rules to equity investments.

The white paper is available to download at: www.broadridge.com/RDR

About Broadridge

Broadridge is a technology services company focused on global capital markets. Broadridge is a market leader enabling secure and accurate processing of information for communications and securities transactions among issuers, investors and financial intermediaries. Broadridge builds the infrastructure that underpins proxy services for over 90% of public companies and mutual funds in North America; processes more than \$4 trillion in fixed income and equity trades per day; and saves companies billions annually through its technology solutions. For more information about Broadridge, please visit www.broadridge.com.

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Media Contact:

Mike West
Vice President, International Marketing
Broadridge Financial Solutions, Ltd.
+44 (0)20 7551 3224
mike.west@broadridge.com

