



## **Global Regulatory Strategy**

Deloitte Touche Tohmatsu LLC

# Products across multiple global structures and distributions approaches

## Global Regulatory Strategy

Japanese asset managers are increasingly operating across the globe, in Asia, Europe, the Middle East, and the US.

Where they historically served a core domestic Japanese client base, they now face complex regulation from across multiple jurisdictions from Mifid to ERISA, some of it sometimes seemingly contradictory with each other and also with domestic Japanese regulation and practice.

Some partner with local distributors, or provide investment strategies under white label solutions, but even here they will be required to help their partners comply with local regulation.

As their global assets grow, separate teams and processes serving clients in different regions will need to be integrated into the core business.

This will require a single global regulatory strategy and core operating model to provide consistent quality and service across both Japanese and international jurisdictions in an efficient manner, and help build enough scale for better growth momentum and cost efficiencies going forward.

The next slides are a summary of a research report from Deloitte University Press, “Building regulatory-ready organizations: Managing regulatory and compliance risk at investment management firms”, on global best practice.

# A framework that follows a comprehensive path across the organization

## Regulatory Readiness

1. Deloitte Global Risk Management Survey
  - 81% of investment management firms see regulatory risk as a top challenge
2. Regulatory ready organization attributes
  - 1) Framework for risk assessment
  - 2) Mechanism to track and measure risk
  - 3) Method to allocate resources based on its understanding and experience of risks

## RARE Team

RARE Team key to regulatory readiness

1. Regulatory Assessment and Response Execution Team
  - 1) Have an enterprise-wide regulatory view
  - 2) Interpret and prioritize
  - 3) Conduct scenario planning exercises and risk assessments
  - 4) Effectively communicate
  - 5) Implement across functions
2. FORREST functional areas
  - 1) Finance
  - 2) Operations
  - 3) Regulatory
  - 4) Reporting
  - 5) Extended enterprise
  - 6) Strategic
  - 7) Technology

# Stage 1 - Sensing and influencing the regulatory environment

## Sensing

Continually monitoring the external regulatory environment to identify potential risks and opportunities to the organization

1. **Increase regulatory awareness:** Take a proactive approach to legislative, regulatory, and litigation events
2. **Refresh government relations function:** Form a hub of expertise using a blend of in house and virtual resources

## Influencing

The process of educating regulators and key individuals in policy making on industry, sector, or organization perspectives in order to help shape legislation and regulation

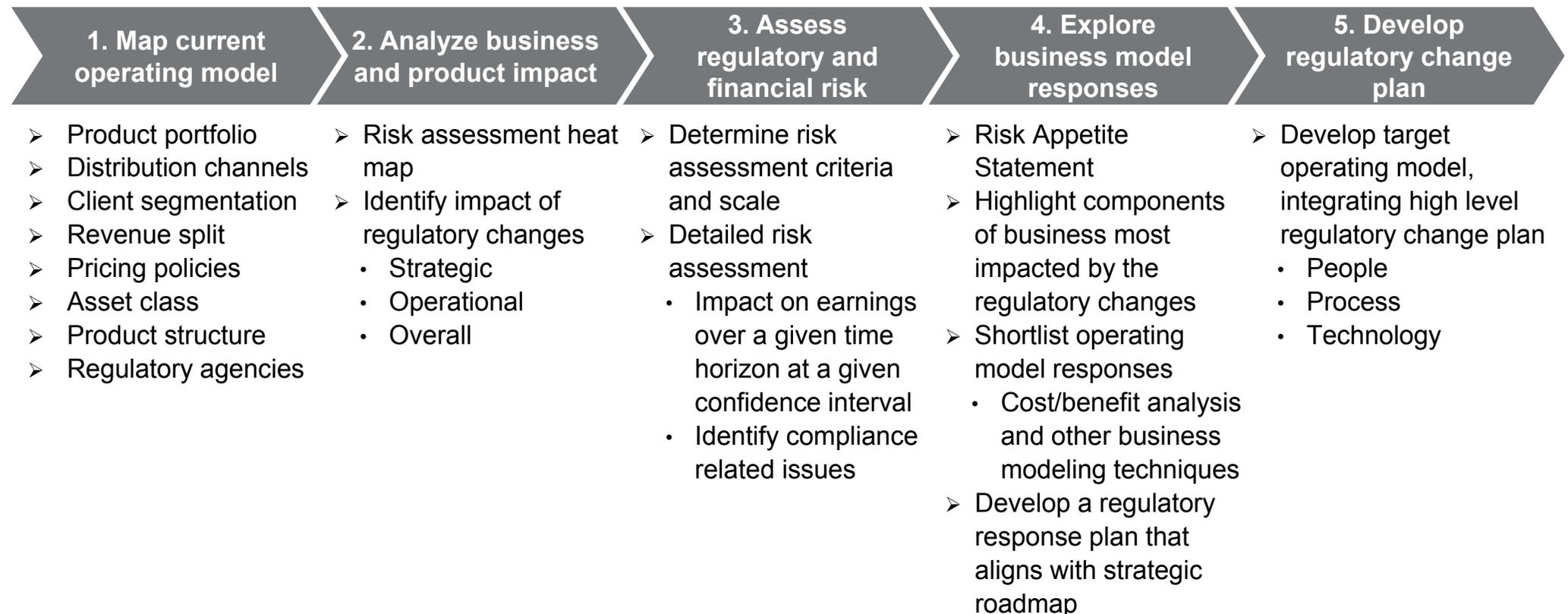
1. **Embrace new technologies, data, and analytics:**  
Leverage regulatory data to drive action; share across the organization
2. **Influence for effect:** Dedicate resources to lobbying and other activities that may impact growth and profitability
3. **Measure the impact of influence:** Tally the effects of influencing, including tangible and intangible outcomes

# Stage 2 – Planning and prioritizing in a fluid regulatory environment

## Regulatory Change Planning and Prioritization Process

Benefits of a structured and collaborative risk planning and prioritization approach:

1. Developing an objective analysis for different regulatory/compliance changes
2. Introducing business, product, distribution, and structural changes/responses that align with the strategic plan and vision of the company

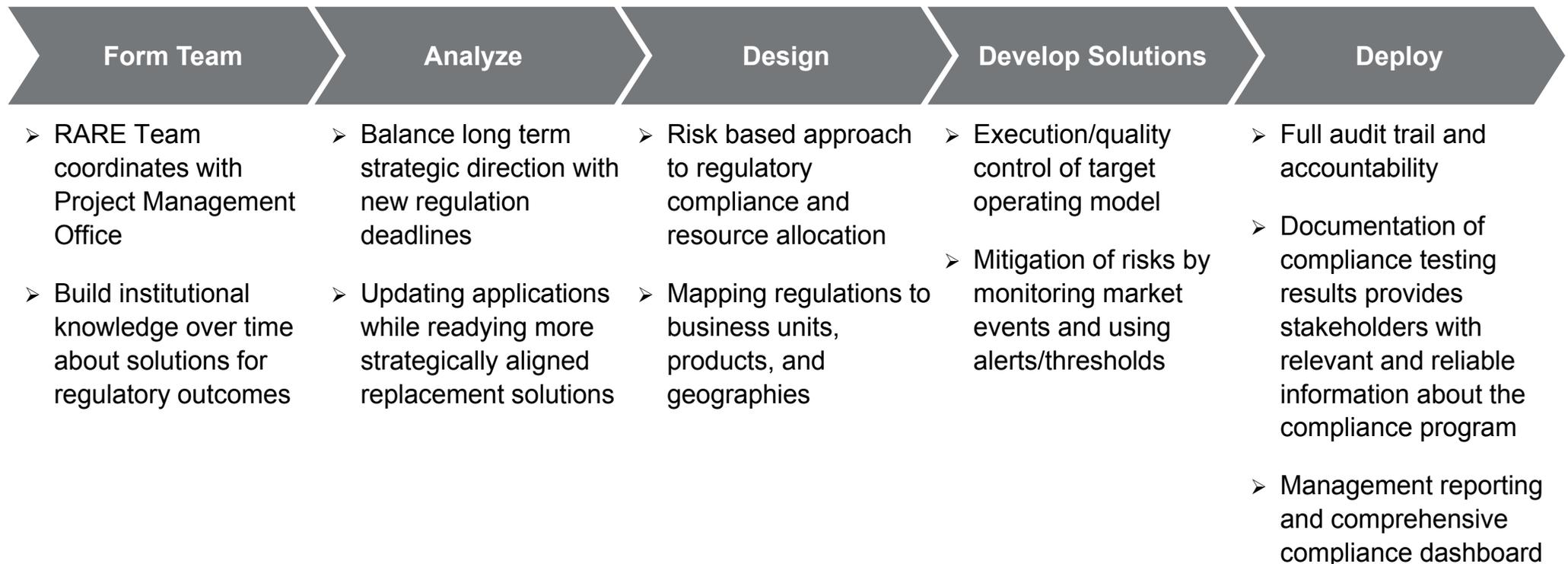


Doug Dannemiller, Lynette DeWitt and Ankur Gajjaria, "Building regulatory-ready organizations: Managing regulatory and compliance risk at investment management firms," Deloitte University Press, 2017

# Stage 3 - Transition from the existing operational model to the target model

## Implementation of Regulatory Change Management Program

- Organizational structure, business processes, applications, data sources, and repositories may be modified through the transition to meet the target operating model
- Capabilities are formed to address multiple regulatory requirements across business units and processes



Deloitte Tohmatsu Group (Deloitte Japan) is a collective term that refers to Deloitte Tohmatsu LLC, which is the Japan member firm of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee, and firms affiliated with Deloitte Tohmatsu LLC that include Deloitte Touche Tohmatsu LLC, Deloitte Tohmatsu Consulting LLC, Deloitte Tohmatsu Financial Advisory LLC, Deloitte Tohmatsu Tax Co., DT Legal Japan, and Deloitte Tohmatsu Corporate Solutions LLC. Deloitte Tohmatsu Group is known as one of the largest professional services groups in Japan. Through the firms in the Group, Deloitte Tohmatsu Group provides audit & assurance, risk advisory, consulting, financial advisory, tax, legal and related services in accordance with applicable laws and regulations. With about 11,000 professionals in nearly 40 cities throughout Japan, Deloitte Tohmatsu Group serves a number of clients including multinational enterprises and major Japanese businesses. For more information, please visit the Group's website at [www.deloitte.com/jp/en](http://www.deloitte.com/jp/en).

Deloitte provides audit & assurance, consulting, financial advisory, risk advisory, tax and related services to public and private clients spanning multiple industries. Deloitte serves four out of five Fortune Global 500® companies through a globally connected network of member firms in more than 150 countries and territories bringing world-class capabilities, insights, and high-quality service to address clients' most complex business challenges. To learn more about how Deloitte's approximately 245,000 professionals make an impact that matters, please connect with us on Facebook, LinkedIn, or Twitter.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more about our global network of member firms.



**IS 649126 / IS 27001**