

Institutional client reporting for investment funds Looking for transparency



Facing ever increasingly complex reporting requirements from European authorities and local regulators, credit institutions and insurance companies are turning to their asset managers for more transparency reporting, such as QMV, KSA, VAG and GroMiKV, on their holdings.

Insurance companies and credit institutions are at the heart of today's world economies and, as such, are tightly supervised by their national regulators through minimum own funds and reporting requirements, including Basel II/III, CRD IV and Solvency II. As key investors in the asset management industry, they must have access to comprehensive data to report on their investment funds' positions.

Under existing regulations, banks and insurance companies generally have the following options for reporting on investment funds:

- Treat funds as equity positions which triggers higher capital requirements; or
- Apply the transparency or look-through approach: i.e. treat each asset in a fund as directly held and apply the corresponding capital requirements treatment, which generally leads to lower capital requirements, especially for fixed income or diversified funds

In the latter case, institutions are increasingly relying on asset managers and service providers to supply them with the necessary information.

Asset management professionals may face operational issues when dealing with these types of requests due to:

- A lack of knowledge of the regulations applicable in the country/industry of their investors (e.g. VAG, GroMiKV, SolvA)
- The difficulty in accommodating their clients' specific reporting needs (e.g. level of detail, layout, IT specifics)
- The burden on staff for data consolidation and timely production
- Labour intensity and operational risks
- Complexity of securitisation and treatment of derivative instruments
- Changing national regulations and required regulatory watch

Our approach

To tackle these issues, Deloitte has developed services ranging from implementation assistance for in-house reporting capabilities to fully integrated solutions. All our services leverage on professionals with proven expertise and benefit from our extensive international network allowing full coverage of all transparency reporting regulations.

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How can we help?

Our diverse value proposition for risk transparency reporting covers the following areas:

- Reporting solution in accordance with EU and local regulations covering Solvency II, VAG, GroMIKV, QMV, KSA, French ratios, DNB, CRR
- Support in the design of specific products/ structures to optimise regulatory capital consumption for institutional investors
- Assistance in implementing in-house reporting
- Certification of reporting
- On demand legal and compliance hotline support

Strategic analysis

- Feasibility review: best market practice, assumptions set-up assistance
- Cost vs. benefits analysis

Ad hoc support

- Interpretation of rules
- National regulation (e.g. Austria, France, Germany, Lux)
- Regulatory watch
- Assistance with sales effort

Training

- Extensive knowledge transfer



Implementation assistance

- Design and testing of solvency ratio, VAG, large exposures reporting
- Set-up and/or review of in-house processes

Integrated solutions

- Automated IT solution
- State-of-the-art systems with customised reporting
- Omissions management rules
- No blocking issues
- Reporting on time

Audit/Certification

- Ad hoc certification based on regulatory requirements

Contacts



Xavier Zaegel
Partner - Capital Markets
+352 451 452 748
xzaegel@deloitte.lu



Sylvain Crépin
Director - Capital Markets
+352 451 454 054
screpin@deloitte.lu

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