

ETF Consulting

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Foreside helps big firms too (regardless of their established name).

The Brief:

A large Global Asset Manager (GAM) with multiple product lines was interested to add Exchange-Traded Funds (ETFs) to their offering. The GAM provides in-house Adviser, Fund and Broker-Dealer Compliance along with certain Operational Services to several of their other Products. Interested in launching ETFs they were faced with whether they may leverage their existing specialized staff, policy and procedures, systems, and if yes, how. Alternatively, they were confident they could mitigate risk and expense by outsourcing ETF compliance and operational servicing.

This was a significant decision for them that included considerations of their established marquee name brand, their strong regulatory reputation, and concern for their future ETF shareholders that expect high-quality services. They also knew to service in-house they would need to acquire subject matter expertise and the required compliance and operational policy and procedures for each discipline. On the compliance side, they had compliance programs and procedures they thought they may be able to leverage but would need significant assistance from Foreside. In their Operations area, they also had limited knowledge and experience and no policy, procedures for ETF.

The Approach:

Foreside experts in advisor and fund compliance, broker-dealer compliance, advertising compliance, and ETF operations conducted several meetings with their counterparts at the GAM to discuss what may be required to build in-house serving for the GAM. Also discussed was how an outsourced relationship to Foreside may work. Pricing was provided for both approaches and a draft project plan and the team were included for the consulting approach. The proposed project approach included assisting the GAM to determine "current state" and build a "future state" ETF servicing capability.

The Result:

The firm hired Foreside to provide ETF consulting and advise on all aspects of their ETF compliance and operations. Key deliverables included a full gap analysis, compliance program policies and procedures, ETF operating procedures, Authorized Participants (APs) contacts and related detailed discussions with respect to AP contract negotiation approaches. The GAM successfully launched their first ETF approximately one month after the conclusion of the consulting engagement.

All situations are evaluated, and results may be different depending on the situation. It is important to note these case studies are not testimonials but examples of strategies that have been deployed to assist our clients. These examples may not be representative of your experience with Foreside and do not guarantee that you will experience the same or similar results.

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