

RBC Dexia Survey: Italian Asset Managers Hasten To Prepare For Imminent New Governance Rules

Milan, June 21, 2010 – RBC Dexia's latest survey shows that many Italian asset managers may find it challenging to comply with important new governance rules before they take effect at the end of June 2010. When polled between March and April 2010, only a quarter (26%) of respondents said they were fully prepared to meet the new rules, introduced by the Bank of Italy last year. Despite the looming implementation date, 42% said they had only just begun to assess the impact of the new guidelines. A further 27% declared they had a good understanding of the requirements and implications of the measures.

The new measures aim to defend investor interests by giving operational autonomy to investment companies belonging to larger financial groups. They will be required to have independent control of their human, technological and financial resources and to conduct independent valuations of group financial products before offering them to clients. Asset managers will also have to improve governance and transparency with more independent non-executive directors on their boards and by disclosing potential conflicts of interest with their parent companies.

The survey released today found that 71% of respondents expected the new Italian regulations and forthcoming EU rules to lead them to outsource more of their non-core activities. In addition, two-thirds of asset managers thought that the new rules would force them to improve their capital adequacy positions (66%) and their risk management and transparency processes (64%).

Half of all asset managers who responded had in fact already strengthened their risk management processes this year, citing pressure from investors for a safer approach to risk as the number one driver (68%). Similarly, 69% of respondents declared that they intended to boost transparency in the next 12 months to provide clients with more detail on fund pricing structures and with greater comparison of the costs, risks and liquidity of their investments.

Commenting on the results, Paride Amiotti, Managing Director of RBC Dexia in Italy, said: "The results of our survey reveal the profound changes that the Italian asset management market is undergoing due to the effects of the global financial crisis and extensive new regulation. The sector is at a turning point which calls for careful preparation and a renewed focus on risk management and transparency processes."

The survey also showed that 75% of respondents believed that the recent global financial crisis and outflow of assets under management in the country would lead to greater market concentration, with many also predicting these events would stimulate product innovation, increase product transparency and place greater focus on risk management.

Asset managers said they were considering a number of options to reinforce their risk analysis, management and control systems, including increasing general investment in this area (37%), upgrading their IT and software tools (26%) and using third party service providers (21%)

RBC Dexia's poll assessed the effects of the financial crisis and of new European and domestic regulation on the Italian investment sector amongst a representative panel of 41 asset managers and private bankers from March to April 2010, over half of which handled assets of EUR 1 billion or more. A full copy of the report is available [on our website](#).

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