

Charles River Global Shareholder Disclosure Service (GSDS)

Addressing Key Challenges in Managing Shareholder Disclosure

Regulators focused on mitigating systemic risk are expanding their focus from sell-side banks to institutional buy-side firms. Asset managers face growing pressure to provide greater transparency across several dimensions. These include risk exposures, valuations assigned to illiquid assets, and management fees.

Additionally, firms managing globally diversified portfolios need to provide detailed disclosure of beneficial ownership. This presents an increasingly difficult challenge for asset managers that invest in protected industries, engage in short selling, or accumulate a substantial shareholding in certain issuers.

This brief discusses shareholder disclosure challenges and describes how the Charles River Global Shareholder Disclosure Service (GSDS) helps buy-side firms manage global shareholder compliance more confidently and efficiently.

Charles River GSDS Foreign Ownership Rules





Inconsistent Disclosure Requirements

Each jurisdiction has its own set of unique requirements. There are differences in threshold limits, instruments in scope, percent in ownership calculations, disclosure forms and the timeliness in which a disclosure needs to be made to the regulator.

In the EU, where the Transparency Directive Amending Directive took effect in November 2015 with the intent of harmonizing disclosure reporting requirements, there are still discrepancies or “gold-plating” among home member states.

For example, member states can set additional disclosure thresholds or require disclosure for issued share capital in addition to voting rights. As a result, a comprehensive and intricate rule library is required in order to adhere to a single directive.

Despite the published implementation date, a number of countries have failed to implement the revised rules. Some jurisdictions have provided little notice regarding implementation details while others that have adopted the new directive are continuing to adjust their disclosure requirements.



Expanded Instrument Scope

Regulators are expanding the number of instruments subject to disclosure requirements to include instruments with equity-like economic benefits. The inclusion of ETFs, single-stock futures, options, equity swaps and index derivatives, among others, has become more commonplace and injects significantly greater complexity into the reporting process than the calculation of equity share ownership.



Increased Reputational Risk

The Transparency Directive requires national regulators to publicize enforcement decisions. “Name and shame” introduces the potential for significant reputational risk, with follow-on impacts that extend far beyond the regulatory fine imposed for the reporting breach.

Without a uniform global set of disclosure standards, firms must comply with different regulations and reporting thresholds for each jurisdiction they invest in. Frequent changes to regulations must be monitored, interpreted and implemented in a timely fashion. Managing the disclosure process from trading through regulatory filing is time-consuming and resource intensive, limiting a firm’s ability to invest in new markets and geographies.

Charles River's Approach

The Charles River Global Shareholder Disclosure Service (GSDS) provides proactive monitoring of the changing regulatory landscape and ongoing maintenance of our dynamic global rule library covering over 100 jurisdictions.

The service utilizes legal content from Rulefinder Shareholding Disclosure provided by aosphere LLP, an affiliate of international legal practice Allen & Overy. aosphere provides Charles River with timely, detailed legal information, and monitors and issues notifications on changes to global shareholder disclosure legislation. Subscribers also become part of a network of firms monitoring substantial ownership and can benefit from industry input and peer analysis.

Charles River's compliance specialists work with buy-side clients to understand their data and interpretation, and then write, adapt and test the necessary rules within the subscriber's environment. They also assist in configuring workflows and support each client's entire rule library for licensed jurisdictions. Charles River helps to ensure that rules remain up to date as regulations are added or changed.

GSDS takes a strategic approach to shareholder disclosure that fully leverages the extensive compliance capabilities of the Charles River Investment Management Solution (Charles River IMS).

Over 20 years of deployment experience across a global client base gives Charles River's Compliance Services team a level of knowledge and depth of skills difficult to match and maintain with in-house staff alone. Specialists write and maintain the GSDS rule library and provide ongoing support to meet client requirements.



Remain Compliant with Growing Disclosure Requirements

Investment firms managing globally diversified portfolios or expanding into new geographies must remain compliant with increasingly complex and often inconsistent shareholder disclosure requirements to avoid reputational risk and costly regulatory sanctions.

The Charles River Global Shareholder Disclosure Service helps ensure that subscribers keep up with changes, understand the impact on their business and follow filing requirements, despite the numerous jurisdictions, regulatory bodies and languages involved.

Learn more about Charles River Global Shareholder Disclosure Service (GSDS) at crd.com/compliance.

Charles River Development, A State Street Company

Investment, wealth and alternative managers, asset owners and insurers in 30 countries rely on Charles River IMS to manage USD \$46 Trillion in assets. Together with State Street's middle and back office services, Charles River's cloud-deployed front office technology forms the foundation of State Street AlphaSM. Charles River helps automate and simplify the investment process across asset classes, from portfolio management and risk analytics through trading and post-trade settlement, with integrated compliance and managed data throughout. Charles River's partner ecosystem enables clients to access the data, analytics, application and liquidity providers that support their product and asset class mix. We serve clients globally with more than 1,200 employees in 11 regional offices.

(Statistics as of Q2 2022)

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