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SEI Paper: Investment Managers Behind the Curve on FATCA Preparations as April 25 Deadlines Loom

Managers May Be Underestimating Related Workload and Cost, Survey Finds

OAKS, PA -- (Marketwired) -- 03/26/14 -- Although the Foreign Account Tax Compliance Act (FATCA) has received significant attention within the asset management industry for many months, and the initial Foreign Financial Institution (FFI) registration deadline is just one month away, a paper released today by SEI (NASDAQ: SEIC) shows that many investment managers are still coming to grips with the related operational, staffing, and budgetary requirements. The paper, "As FATCA Deadlines Loom, What Managers Need to Know," is based on a survey of C-level executives of investment management firms.

According to the results, many investment managers are unaware of critical deadlines and the associated costs to meet them. Specifically:

- More than a third of respondents said they have either not yet established a plan or have yet to decide how to proceed when it comes to planning for the completion of investor due diligence.
- The majority of respondents (48 percent) did not know the April 25, 2014 deadline by which FFIs are required to register for a registered Global Intermediary Identification Number (GIIN) with the Internal Revenue Service.
- Over two-thirds (69 percent) significantly underestimate the cost of each of the following FATCA-related expenses: legal, administration, FATCA Responsible Officer, and FATCA compliance.

"While the actual cost of FATCA compliance may be startling to some managers, the cost of noncompliance could be worse," said June Oakes, Director of Regulatory Solutions in SEI's Investment Manager Services division. "Organizations that take a strategic approach to complying with new regulations like FATCA can streamline the significant demands on resources, technology, and costs to their businesses, and can also use these tactics as a means to differentiate themselves."

The paper encourages managers to plan ahead, providing a detailed FATCA timeline that explains the various deadlines for FFI agreement applications, due diligence procedures, withholdings, and reporting requirements. The report goes on to reveal some of the most important steps that investment managers should be taking to properly prepare for FATCA regulations and requirements:

1. Register as a foreign financial institution with the IRS by the April 25, 2014 deadline.
2. Assess in-house FATCA expertise and identify business partner needs.
3. Craft agreement(s) with service provider(s).
4. Develop a compliance plan geared to the July 1, 2014 deadline.
5. Review subscription documents.

"As they navigate the new regulatory landscape, investment managers should evaluate their existing teams to determine whether they have the expertise to manage these evolving requirements," Oakes said. "The complexity and scale of FATCA is such that managers may wish to amend their existing fund administration contracts in order to benefit from additional systems and resources."

The survey was administered by SEI in partnership with DMS Offshore Investment Services Ltd. The paper is published by the SEI Knowledge Partnership, an initiative within SEI's Investment Manager Services division that provides ongoing, actionable business and marketplace intelligence for the company's investment manager clients. To request a copy of the full paper, please visit www.seic.com/FATCA.

About SEI's Investment Manager Services Division
SEI's Investment Manager Services division provides comprehensive operational outsourcing solutions to support investment managers globally across a range of registered and unregistered fund structures, diverse investment strategies and jurisdictions. With expertise covering traditional and alternative investment vehicles, the division applies customized operating services, industry-leading technologies, and practical business and regulatory insights to each client's business objectives. SEI's resources enable clients to meet the demands of the marketplace and sharpen business strategies by focusing on their core competencies. The division has been recently recognized as a Top Rated Fund Administrator by Global Custodian, as "Best Administrator - Client Service" by CTA Intelligence, "Best Fund Administrator" by Buy-Side Technology and "Most Innovative Fund Administrator" (Over $30B AUA) in the U.S. for hedge funds and "Best Administrator - Technology Provider" in Europe by HFMWeek. For more information, visit http://www.seic.com/enUS/investment-managers.htm.

About SEI
SEI (NASDAQ: SEIC) is a leading global provider of investment processing, fund processing, and investment management business outsourcing solutions that help corporations, financial institutions, financial advisors, and ultra-high-net-worth families create and manage wealth. As of December 31, 2013, through its subsidiaries and partnerships in which the company has a significant interest, SEI manages or administers $559 billion in mutual fund and pooled or separately managed assets, including $232 billion in assets under management and $327 billion in client assets under administration. For more information, visit www.seic.com.

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