Current developments for mutual fund audit committees

A quarterly summary

March 31, 2015

Introduction

Dear clients and friends,

On behalf of PwC's Asset Management Practice, it is our pleasure to offer the latest edition of *Current developments for mutual fund audit committees*. This publication includes featured articles on topics impacting the mutual fund industry, a summary of recent accounting and financial reporting, auditing and regulatory developments, together with links to relevant publications of interest, and a list of upcoming webcasts and industry conferences for your convenience.

In this edition of *Current developments for mutual fund audit committees*, we are pleased to provide the following featured articles:

- **PwC Annual CEO Survey - Asset Management industry highlights**
  A snapshot of our survey findings in the asset management sector, based on the feedback from 155 asset management CEOs in 46 countries.
- **Social media risks and compliance for mutual funds**
  An overview of how social media is impacting mutual funds, the financial regulatory standards and risks, and related governance and compliance considerations in the mitigation of these risks.
- **Follow up to Organization of Economic Co-operation (OECD) on Base Erosion and Profit Shifting reports – Impact on mutual funds industry**
  A high level overview of the implications that are likely to be most relevant to the mutual funds industry, which include: 1) preventing treaty abuse and treaty shopping; and 2) preventing artificial avoidance of permanent establishment status.
- **Investment spotlight on term loans**
  A summary look at term loan investments and why these investments may be held, how they are traded, issued and valued, as well as related benefits and risks.

We hope that you will find this material to be informative and helpful. If you have questions or would like additional information, please contact either one of us or any of our subject matter specialists noted in the publication. We would welcome the opportunity to connect with you and discuss any topics of interest.

We will be holding our annual PwC Financial Services Audit Committee Forum on Thursday October 1, 2015 in New York. Please save the date.

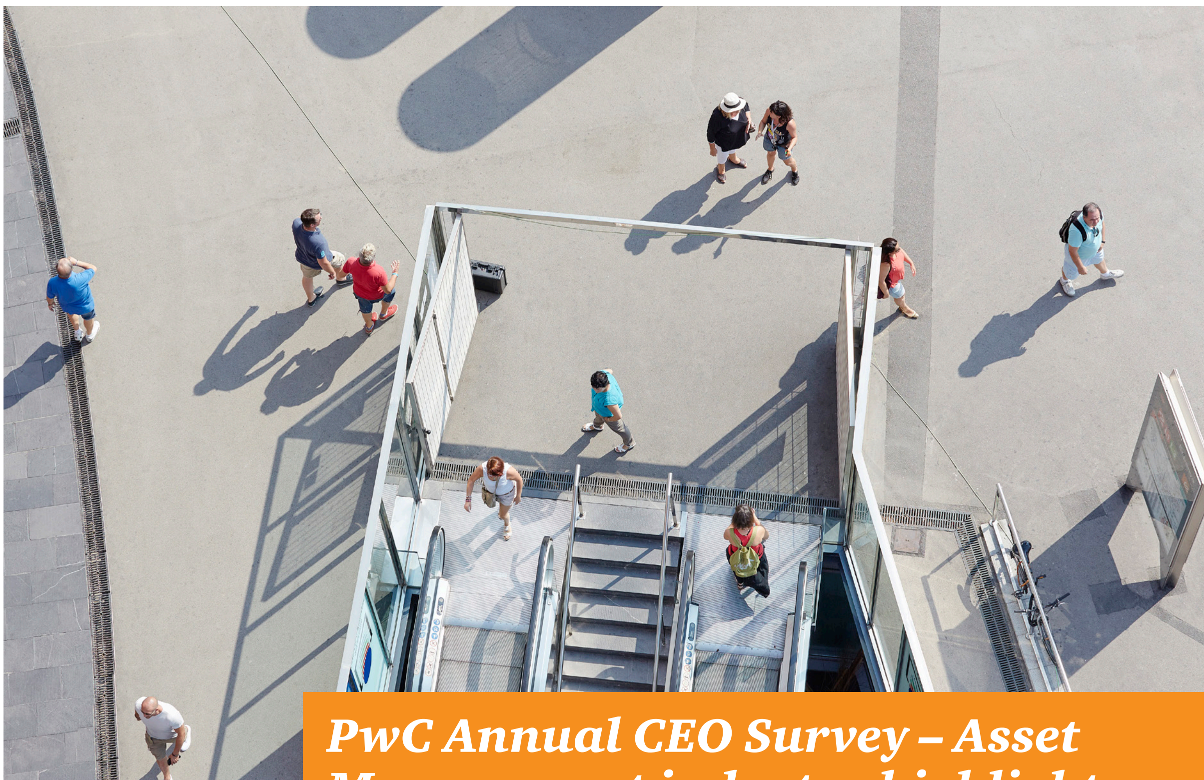
Regards,

Peter Finnerty
US Mutual Funds Leader

John Griffin
US Asset Management
Governance Leader

Table of contents

Featured articles



PwC Annual CEO Survey – Asset Management industry highlights

Social media risks and compliance for mutual funds

Follow up to OECD BEPS reports – Impact on mutual funds industry

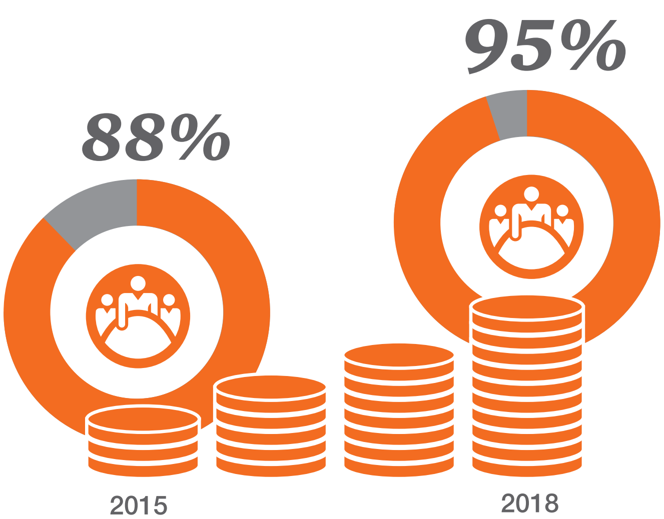
Investment spotlight on term loans

PwC Annual CEO Survey – Asset Management industry highlights

PwC's Annual Global CEO Survey (the "survey") now in its eighteenth year, aims to inform and stimulate the debate on how businesses are facing today's challenges. Over the years, thousands of CEOs around the world have taken the time to share their views with us.

The 2015 survey looks at how business leaders are finding new ways to compete in an era of unprecedented digital change.

This article provides a snapshot of our survey findings in the asset management sector, based on the feedback from 155 asset management CEOs in 46 countries.



88% of asset management CEOs are confident of 2015 revenue growth, rising to 95% looking out three years

Finding new paths to profitable growth

Confidence in a competitive landscape

CEOs in the asset management sector are optimistic about their prospects. While they have a high level of confidence in revenue growth over 12 months, they're even more confident over three years. But they're less optimistic about the economy. Almost half of asset management CEOs believe the economy will stay the same over the next 12 months. In a fiercely competitive landscape, industry CEOs see almost as many threats as opportunities. Almost two thirds 'agree' or 'agree strongly' that there are more opportunities compared with three years ago, but over half see more threats.

Asset management CEOs are confident about revenue growth in 2015, but see both opportunities and threats. CEOs are finding new paths to profitability by disrupting other areas of financial services. They're preparing for challenges by leveraging digital technology and looking to promote diversity.

Disrupting other areas of financial services

Some asset managers are disrupting other areas of financial services. 28% of asset management CEOs have entered a new business area in the past three years. A further 18% have considered doing so. Among those that have done so, the highest number reported diversifying into areas of financial services and real estate. In our experience, asset managers are disrupting the banking industry. We are seeing asset managers lending directly to companies, while private equity firms are moving into real estate finance, often buying up large groups of loans.

But being disrupted by regulation

Regulation continues to loom large – in fact, 83% are 'extremely' or 'somewhat' concerned that over- regulation could threaten growth. But some industry CEOs also see benefits from regulation. Over half say that improved regulatory coordination is increasing cross-border capital flows. Still, 69% of asset management CEOs believe that regulation will disrupt their industry over the next five years. That's not surprising, given the ongoing waves of regulation in Europe and the US.

Creating new value in new ways

Embracing talent diversity

As asset management CEOs continue to expand their workforces, they recognize the benefits of hiring from a wide talent pool and promoting inclusiveness. Yet relatively few actually have a diversity and inclusion strategy. Sixty one percent of asset management CEOs say they plan to increase headcount in 2015. As they set out to do so, only 47% have a strategy in place to promote diversity and inclusion. We believe this reflects the small size of many asset management firms, which lack the scale to have formal strategies of this type. In PwC's experience, firms also need to develop environmental, social and governance strategies to compete for the best young talent. Those CEOs that do have diversity and inclusion strategies see benefits. Eighty two percent believe they enhance business performance.

CEOs also see benefits in the areas of attracting talent, and strengthening brand and reputation. In our view, active management of diversity and inclusion can be a differentiator as asset managers compete for talent.

Leveraging digital technologies

While asset management firms don't make as much use of technology as their peers in other parts of financial services, they're turning to technology in order to enhance their competitiveness in a range of areas. 88% of asset management CEOs report leveraging digital technology to increase operational efficiency. But they also regard digital technology as strategically important in the areas of data mining and analysis (78%), cyber security (77%) and mobile technologies for customer engagement (71%).

Closing remarks

An in depth analysis of the results of the asset management sector can be viewed **here**.

To see the full results of PwC's 18th Annual Global Survey, please visit www.pwc.com/ceosurvey.

Social media risks and compliance for mutual funds

Overview

Social media has taken the commercial world by storm, and the financial services sector is no different in its desire to benefit from these platforms. Similar to what has taken place in other industries such as retail and consumer (where brand promotion and customer interaction have been elevated to new levels), financial firms have taken to the digital streets to raise their own profile, in particular, amongst younger generations of investors.

For mutual funds, this too has focused on outreach, promoting insights and expressing the viewpoints of fund managers, for example, through Twitter posts. While tweets may advertise the fund advisor's investing expertise, funds are also responding directly to customers who have questions. In both respects, however, funds are bound by regulations around the types of information that can be conveyed, how the fund is supervised, and what records of these communications need to be retained.

In addition to these fund-specific regulatory concerns, more general concerns can arise when an executive or an employee uses social media, including the dissemination of potentially material (i.e., impacting the market or a decision by an investor), non-public or confidential information. Labor and employment regulators have also weighed in by extending protections around discussions of workplace conditions or environment to those held on social media platforms. Moreover, in an age where data breaches are front-page news, privacy and the protection of data is also a concern.

Yet funds continue to push forward on social media initiatives, with the adoption of policies and other controls to help mitigate some of these risks. Financial firms, including funds, have been able to leverage some of the compliance techniques employed by organizations in other sectors, including training and communication programs using inventive methods such as interactive videos and other media.

Financial regulatory standards & risks

Several regulatory standards may apply when a fund advisor or one of its employees use social media on behalf of the fund. The Financial Industry Regulatory Authority (FINRA) has issued multiple regulatory notices[1] on the topic. In these notices, FINRA differentiates between interactive electronic communications (i.e., those where employees are having direct contact with customers or investors) with static content (i.e., posts that are visible to all and remain until the firm or the individual who posted it on behalf of the firm changes it or removes it from the site). FINRA makes this distinction for a variety of reasons, including the fact that it considers static posts advertising (under Rule 482 of the Securities Act of 1933), which requires the pre-approval of a principal of the firm. In the case of interactive communications, while pre-approval is not required, "reasonably designed" supervision of these exchanges is warranted to ensure that they do not violate FINRA communications rules.

All static or interactive communications, when focused on the business of the fund, must also be retained under both the Securities Act of 1933 and National Association of Securities Dealers (NASD) rules. The retention period is generally three years under SEC rules.

In terms of the content of the messages themselves, recommendations on a particular product or fund could have suitability implications. Tweets or other posts that point investors to a specific fund can also pose a danger of misleading a customer, and could trigger the need for

[1] Notice 10-06, Guidance on Blogs and Social Networking Websites, Notice 11-39, Guidance on Social Networking Websites and Business Communications

additional disclosures under federal securities laws to give the customer a sound basis for evaluating the facts with regard to a potential investment.[2] Content introduced regarding a fund by a customer or third-party is generally not considered firm communications regulated under FINRA and related rules. The exceptions to this standard include where a third party is engaged by the firm to produce a post; if the firm is involved in the preparation of that content; or if the firm later adopts the content of the third party. In these cases, approval and recordkeeping requirements will apply.

Finally, both FINRA notices emphasize the importance of supervision of a firm's activities with regard to social media. This includes requirements to create policies, provide training and education on those policies and even monitor or "spot check" on websites where activity is taking place.[3] Moreover, where an indicator of noncompliance is discovered, firms must follow up and, if needed, take action.

Mitigating the risks: Governance & compliance

Board members could consider whether their organizations have managed the risks posed by social media at an organization by first asking whether those with oversight of social media risks (typically Compliance, Legal and/or Corporate Communications) understand the overall digital strategy and the extent to which the organization's employees, investors, and third parties use social media. This will not only help to prioritize which risks are more likely to occur and require attention, but will also help identify the people or groups within the organization that may be able to assist in the development of a plan to address these risks.

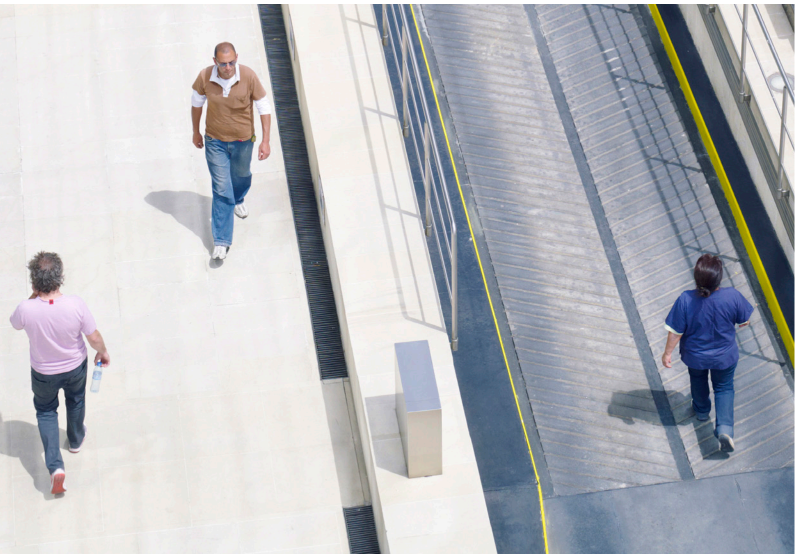
In terms of good practices, many organizations assemble cross-functional working groups to address social media risk, including representatives from Compliance, Legal, Human Resources, IT, Corporate Communications, and the businesses who have the most invested in social media strategies. This group can effectively measure and prioritize the risks and devise strategies to mitigate them. This may include policies, which are frequently reviewed, perhaps on a biannual basis, to assure that new uses, sites, and interactions are discussed. Implementing and raising awareness of the policy and social media generally can include both off-the-shelf training from compliance training vendors as well as shorter-form vignettes and videos (many humorous) that can be easily rolled out and engage employees (and even Board members). Do-it-yourself options include YouTube-like videos featuring employees in various social media scenarios as well as intranet articles, internal blogs and traditional email messages. No matter which approaches are featured, Boards or Audit Committees could consider obtaining an understanding of how the Compliance Officer or other appropriate person addresses social media risks and mitigation strategies either through regular compliance program updates to the Board or perhaps as a special agenda item.

Conclusion

As we move deeper into the twenty-first century, more information-sharing platforms will arise, and organizations will feel pressure to adopt these quickly for commercial use. Organizations will need to stay current on risks presented by social media, including any regulatory changes, and adopt appropriate policies and procedures to address these risks and alert employees as to the standards in place. With those fundamentals in place, and with an eye towards emerging trends and developments, organizations can align their digital strategies with sound social media compliance efforts.

[2] FINRA Notice 10-06, January 2010, p.4.
[3] Ibid., p.5.

Follow up to OECD BEPS reports – Impact on mutual funds industry



Follow up to OECD BEPS reports – Impact on mutual funds industry

With the international markets being a dynamic and multidimensional place for investors, mutual funds are becoming more global to capture opportunities emerging on a worldwide basis to be attractive for investors. Therefore, funds and management companies are building up a global footprint with people travelling around the world as part of sales teams or local investment management teams. The global mobility of employees increases the risk for management companies to create a tax presence, and therefore potential tax exposure, in the countries where activities are performed.

In addition to tax risks arising from an increasing global reach, there are a number of national and global developments changing current taxation rules. The discussions of the Organization of Economic Co-operation (OECD) on Base Erosion and Profit Shifting (BEPS) are leading to significant changes in the tax landscape with far-reaching implications for the fund industry. After extensive consultation with government, business and academia, in the fall of 2014, OECD released its first set of seven BEPS deliverables.

This article provides a high level overview of the implications that are likely to be most relevant to the mutual funds industry, which include: (1) preventing treaty abuse and treaty shopping, particularly in the context of Collective Investment Vehicles (CIVs) and treaty eligibility; and (2) preventing artificial avoidance of permanent establishment status.

Preventing Treaty Abuse and Treaty Shopping

The focus of the OECD BEPS report "Preventing the Granting of Treaty Benefits in Inappropriate Circumstances" (Treaty Abuse Report) is to develop treaty provisions and recommend domestic law changes to prevent treaty abuse. Treaty abuse is broadly seen as treaty shopping or utilizing structures that result in the inappropriate use of tax treaties. For the purposes of the Treaty Abuse Report, a CIV is a fund that is widely held, invests in a diversified portfolio of securities, and is subject to investor-protection regulation in the country in which it is established. Under many current double tax treaties CIVs face lack of direct access to treaty benefits and an inability to implement refund claims for investors.

On November 21 2014, the OECD released a Public Discussion Draft on 'Follow Up Work on BEPS Action 6: Preventing Treaty Abuse' (the Discussion Draft). The Discussion Draft notes that the OECD Working Group is examining whether it would be possible to develop a single preferred approach with respect to application of treaty benefits more generally for CIVs. We do not believe a preferred approach is practical given the variety of structures for CIVs which are dictated by local law considerations, the targeted investor base, and the targeted investments. As part of OCED's initiative to get feedback from the industry, PwC is actively involved in discussions and has submitted a comment letter to OECD. As a result of the Treaty Abuse Report, together with the Discussion Draft, the mutual fund industry can review any current reliance on treaty structures and benefits, as change is likely. For example, new tests may need to be satisfied in order to obtain treaty benefits, and further investor level information may be required (some jurisdictions have already requested this information).

Preventing Artificial Avoidance of Permanent Establishment Status (Discussion Draft)

Due to the increased global footprint of management companies, it is necessary to monitor whether a taxable presence (permanent establishment) could be created in foreign jurisdictions on the basis of activities performed in those locations, for example relating to sales or investment management activities. Based on the current developments in connection with BEPS, it is very likely that a wider definition of permanent establishment will broaden the scope of taxation. Although more focused on multinational companies, the proposals put forward could also impact the mutual funds industry.

The proposals consider changes that could expand the scope of key permanent establishment principles, including:

- Broadening the dependent agent permanent establishment provision by lowering the threshold to trigger a dependent agent relationship.
- Narrowing the "independent agent" exemption from triggering permanent establishment status.

The issues and recommendations raised in the report could also be considered by the mutual fund industry, some key impacts could include:

- A higher risk of sales teams creating a permanent establishment for the fund in certain jurisdictions when promoting the funds to investors.
- A potentially higher risk of deal teams creating local country permanent establishments when sourcing and negotiating deals for a fund.

In our view, provided that separate entities are created for sound business reasons, these entities would be respected for permanent establishment purposes, and therefore permanent establishment rules would never attribute activities of a fund manager to a fund.

What to Think About now & Key Takeaways

Although most of these reports are relatively comprehensive, finalization is likely to be deferred until September 2015, so that they can be further refined and synchronized with other work streams that may impact these reports (e.g., base erosion through interest deductions, etc.). The mutual funds industry can become aware of the potential BEPS implications and monitor developments closely. How individual countries will respond is uncertain, although some have already begun taking unilateral action.

Considerations for mutual fund directors

Once finalized, BEPS may present significant operational challenges for certain mutual fund companies. Directors may wish to discuss potential BEPS implications with management and consider the following questions:

- Does management understand how BEPS may affect the organization? Have they assessed the current structures, reporting and policies in the countries where the organization operates?
- Has management considered whether the organization (including service providers if appropriate) will be able to comply with increased reporting as a result of BEPS? Will the organization's infrastructure need future enhancements to meet the coming requirements?
- As several deliverables will be released this year, is management prepared to monitor future BEPS developments and their potential impact on the organization?

PwC webcast: How BEPS will Change the Way you Operate

Please see **link** for access to the archived webcast.

Investment spotlight on term loans

The Investment Spotlight series is a periodic look at types of investments which funds may use to achieve the investment goals outlined in fund prospectuses. We will ask a series of questions to not just look at the mechanics behind a specific investment, but also to consider why these investments may be held by funds as well as related benefits and risks.

What is a term loan?

Term loans are a type of syndicated loan entered into by companies typically to increase working capital and are sometimes related to leveraged buyouts. Term loans are not securities, but are customizable agreements between two parties where the facilities and covenants are negotiable based on the needs of the borrower and the lenders. Term loans typically have the following characteristics:

1. **Variable interest rate** – Typically adjust based on changes to the London Interbank Offered Rate or the Prime Rate.
2. **Short term** - typically have a maturity of 1, 3, 5 or 10 years, however they can be issued with longer maturities. Scheduled payments can be over the life of the loan, or at maturity which is called a bullet payment.
3. **Senior**- typically term loans are senior in the capital structure and receive payment first before other debt in the event of bankruptcy providing some seniority of payment to the borrower.

Why would a fund invest in term loans?

Funds may invest in term loans for multiple reasons and in some instances a fund's strategy may be to exclusively invest in term loans. Other funds may invest in term loans to achieve a particular strategy that typically includes seeking a higher yield, with a shorter duration. With interest rates near all-time lows in the United States over the past several years, investors have been looking to term loans as a way to increase yield and returns; the current 10 year US Treasury yield is 1.94%.[1] Historically term loans were typically issued by companies with below investment grade credit ratings, and required a higher coupon or were purchased at a discount. With cost to issue public debt increasing, more companies are turning to syndicated loans as a way to raise capital.

Also, the variable (commonly referred to as "floating") interest rate feature provides investors the opportunity to increase returns when interest rates increase (prices for previously issued bonds that are paid a fixed interest rate typically decline when interest rates increase). This variable feature can protect price fluctuations of bonds when interest rates change, but could result in additional credit risk of a borrower if increasing interest payments impact the borrower's free cash flow significantly.

How are term loans traded and issued?

Since term loans are truly over-the-counter instruments, there is no formal automated process for buying and selling this type of debt. Buyers and sellers will first agree to the initial details of a trade orally, with the specifics of the trade being finalized later in the process. Additionally, any changes in ownership of future cash flows need to be tracked by the syndicated bank that initiated the loan.

After all of the terms and price of the sale is negotiated, legal documents are signed that transfer the term loan to the buyer, including the future cash flows. There may be a need to include legal counsel in the buying and selling process to consider legal terms included both in the original loan agreements and the agreements used to transfer the loan. This negotiation process, in conjunction with coordination with the syndicated bank, is a reason why term loan trades may have a longer settlement period than many other types of trades. When buying a term loan, the buyer can be either a participant to the loan, or be assigned the loan. When a buyer is given assignment, they become a party to the loan contract, and are considered a lender in the eyes of the borrower. With assignment, a fund would be subject to the credit risk of the borrower defaulting. When a buyer becomes a participant of a loan, they receive the economic risks and benefits of the loan, but they are not the lender in the eyes of the borrower. Participants are subject to the credit risk of both the borrower and the syndicating bank that is party to the loan. In the event of default, a participant of a loan will have no legal standing against the defaulted borrower.

Term loan settlement may begin to receive further attention from the investment community and regulators

[1] Bloomberg US Treasury Yield Rate, 3/31/15

in the coming years. Liquidity Risk and a fund's ability to meet redemption requests was a focus of SEC Chair Mary Jo White's speech at The New York Times DealBook Opportunities Conference held on December 11, 2014. While not specifically speaking about term loans, Ms. White discussed the potential negative impact to funds, shareholders and investors if a fund does not "manage its liquidity risk." With the requirement for funds to process redemption requests within seven days, "if a distressed fund, for example, has to sell securities at below-market prices to meet redemptions, it could drive down asset prices for funds and other investors holding those securities or similar assets."

How are term loans valued?

In valuing loans, independent pricing services use quotations from brokers and dealers. For a majority of loans, consensus pricing is often utilized whereby vendors receive one or more two-sided quotes from approved contributing dealers which are then averaged. For certain loan facilities for which no quote was received but activity was observed for other facilities of the same issuer, vendors can generate a price using a method called "implied" pricing. Implied pricing utilizes the observed price differences between facilities of an issuer taking account rating, industry, and other criteria and applies a spread to derive the price.

What are the tax considerations related to term loan investments?

Investors in term loans need to monitor their loans for "tax modifications." A tax modification can occur whenever the terms of the loan are renegotiated. Modifications often include a one-time consent fee paid to the lender as an incentive to accept the modified terms. Depending on the facts and circumstances, a modification may be a taxable event to the fund and the treatment of the consent fee often depends on this determination. Therefore, it is important that funds actively monitor their term loans to identify modifications and analyze the specific details to ensure that the modification is properly treated as a taxable or generally tax-free transaction.

Directors considerations related to term loans?

1. Does the prospectus allow for investment in term loans? If so, are there further limits based on credit?
2. How does this investment contribute to the investment objective of the fund?
3. Do the portfolio managers have sufficient prior experience in investing in term loan debt, and is legal counsel involved in the review process to ensure the purchase documents are executed appropriately?
4. Does management have procedures to evaluate liquidity for specific term loans (market activity, types of pricing sources available, bid/ask spreads, size of quotes, depth of quotes based on number of contributors, how recent is contributed data)?
5. Are relevant risks related to the investment sufficiently disclosed in the prospectus and financial statements?
6. When there are unique terms or structures, are the middle-office and back-office operations adequate to support the trading in, and recordkeeping of, term loans? This includes:
    a. Interest and amortization calculations when the interest rate is variable, including identifying rate changes in a timely manner.
    b. Custody reconciliation procedures as a result of these investments not being held by the funds' custodian, such as confirmations with agent banks.
    c. Trade authorization and settlement procedures that may be different than corporate debt (typically the settlement period is significantly longer as compared to other securities due to the legal assignment process).
    d. Accounting for revolvers and loan prepayments.

Summary of recent accounting and financial reporting, auditing and regulatory developments

Accounting and financial reporting matters from the FASB, SEC, and others

Presentation of debt issuance costs

On April 7, 2015, the FASB issued Accounting Standard Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. For public business entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued. The new guidance will be applied on a retrospective basis.

New revenue standard

The FASB voted on April 1, 2015 to propose a deferral of the effective date of the new revenue standard by one year, but to permit entities to adopt one year earlier if they choose (i.e., the original effective date). The FASB decided, based on its outreach to various stakeholders and the forthcoming exposure drafts, which amend the new revenue standard, that a deferral is necessary to provide adequate time to effectively implement the new revenue standard. The FASB plans to issue a proposed Accounting Standards Update on the deferral of the effective date with a 30-day comment period.

Consolidation standard

The FASB issued a new consolidation standard on February 18, 2015 that makes targeted amendments to the current consolidation guidance. The changes are designed to address most of the concerns of the asset management industry and end the deferral granted to investment companies from applying the Variable Interest Entity (VIE) guidance.

The new guidance also provides a new scope exception to registered money market funds and similar unregistered money market funds. The standard is effective in 2016 for calendar year-end public business entities, and 2017 for other reporting entities. Early adoption will be permitted.

Elimination of "extraordinary items" designation

On January 9, 2015, the FASB issued Accounting Standards Update 2015-01, *Income Statement—Extraordinary and Unusual Items,* to simplify income statement classification by removing the concept of extraordinary items from U.S. GAAP. The standard is effective for both public and private companies for periods beginning after December 15, 2015. Early adoption is permitted, but only as of the beginning of the fiscal year of adoption. Upon adoption, a reporting entity may elect prospective or retrospective application.

Investment company disclosures

On December 4, 2014, the FASB issued for public comment a proposed Accounting Standards Update, *Financial Services - Disclosures about Investments in Other Investment Companies*. The proposed amendments would require a feeder fund in a master-feeder arrangement to provide the master fund's financial statements along with its financial statements. The proposed amendments would also expand the scope of the current requirement to disclose certain information about investments held by investee funds that exceed 5 percent of the reporting entity's net assets to include reporting investment companies that are regulated under the Investment Company Act of 1940 (the Act).

The proposed amendments would affect all investment companies within the scope of ASC 946, *Financial Services – Investment Companies*, that have investments in other investment companies. The amendments would apply to both investment companies regulated under the Act and those not regulated under the Act. Comments were due by February 17, 2015.

Auditing matters from the PCAOB, AICPA, and SEC

PCAOB reorganization of auditing standards

On March 31, 2015, the PCAOB approved the reorganization of its auditing standards to help users navigate the standards more easily. The board adopted amendments to its rules and standards to implement a topical system that integrates the existing interim and PCAOB-issued auditing standards. The amendments also remove references to superseded standards and inoperative language and references. They do not impose new requirements on auditors or change the substance of the requirements for performing and reporting on audits under PCAOB standards.

Standard-setting agenda

On March 31, 2015, the PCAOB issued an updated standard-setting agenda which provides a brief project overview of the board's current standard-setting agenda and outlines key milestones on various standard-setting projects. Key items to note are:

- Disclosure of engagement partner – plan to issue supplemental request for comment, Q2 2015
- Supervision of other auditors and multi-location audit engagements –plan to issue proposal, Q2 2015
- Use of specialists – plan to issue Staff Consultation Paper, Q2 2015
- Going concern – plan to issue Staff Consultation Paper, Q2 2015
- Auditor's reporting model – plan to repropose, Q3 2015
- Auditing accounting estimates, including fair value measurements and related disclosures – discussion planned for the meeting of the Standing Advisory Group in June 17-18, 2015

Other projects:

- Quality control standards, including assignment and documentation of firm supervisory responsibilities – plan to issue Staff Consultation Paper, Q4 2015
- Confirmations – plan to re-propose

Related parties auditing standard

In October 2014, the SEC issued an order approving PCAOB Auditing Standard No. 18, *Related Parties*, and amendments to other auditing standards to strengthen auditor performance requirements in three critical areas of the audit: (1) related party transactions, (2) significant unusual transactions, and (3) a company's financial relationships and transactions with its executive officers. The new requirements include communicating to the audit committee the auditor's evaluation of the company's identification of, accounting for and disclosure of its relationships and transactions with related parties, and other significant matters arising from the audit regarding the company's relationships and transactions with related parties. The new standard and amendments will be effective for audits of financial statements for fiscal years beginning on or after December 15, 2014, including reviews of interim financial information within these fiscal years.

Regulatory matters from the SEC and others

In February 2015, the SEC named David Grim as Acting Director of the Division of Investment Management. He replaced Norm Champ, the division's former director, who left the SEC at the end of January.

In February 2015, the SEC issued Investment Management Guidance Update, 2015-01, *Acceptance of gifts or entertainment by fund advisory personnel*. The staff is issuing this guidance to remind mutual fund industry participants that the receipt of gifts or entertainment by fund advisory personnel, among others, also may implicate the prohibition in section 17(e)(1) of the 1940 Act on accepting compensation other than wages 'for the purchase or sale of any property to or for the fund'. In the staff's view, therefore, it should be addressed by funds' compliance policies and procedures required by rule 38a-1 under the 1940 Act.

In December 2014, the SEC issued Investment Management Guidance Update, 2014-12, *Business Development Companies – transactions with certain second-tier affiliates*. The Investment Company Act of 1940 ("1940 Act") places restrictions on transactions between investment companies regulated under the 1940 Act, including business development companies ("BDCs"), and their affiliated persons and affiliated persons of such persons ("second-tier affiliates"). These restrictions are designed to protect such investment companies from undue influence and overreaching. The guidance is meant to assist BDCs and their counsel in determining the restrictions that apply to a BDC's co-investment transactions with certain second-tier affiliates, specifically, limited partners of a partnership that is an affiliated person of the BDC.

In October 2014, the SEC issued Investment Management Guidance Update, 2014-11, *Investment Company Consolidation*. The guidance provides the views of the Division's Chief Accountant's Office regarding the presentation of consolidated financial statements for certain investment companies ("RICs") registered under the Investment Company Act of 1940 and investment companies that have elected to be treated as business development companies under the 1940 Act that have wholly owned subsidiaries.

In October 2014, the SEC issued Investment Management Guidance Update, 2014-10, *Mixed and Shared Funding Orders*. The guidance addresses inquiries and clarifies regulatory obligations related to whether (i) a mutual fund that offers its shares as an investment option under a variable life and/or variable annuity contract is required to obtain a so-called "mixed and shared funding" Commission order prior to making any such offer; and (ii) a mutual fund that has previously obtained a mixed and shared funding order must, in all circumstances, comply with the terms and conditions of that order. The guidance notes that in the staff's view, a mutual fund is not required to obtain a "mixed and shared funding" order prior to offering its shares as an investment option under a variable life and/or variable annuity contract. In addition, a fund that has previously obtained a mixed and shared funding order need not comply with the terms and conditions of that order if the exemptions granted by the order are not being relied upon by any person.

Recent publications of interest

PwC quarterly developments for mutual fund audit committees

PwC

Pwc quarterly developments for mutual fund audit committees during the one year ended December 31, 2014

December 31, 2014
This edition of Current Developments includes articles on the following topics:

- ETF 2020: Preparing for a new horizon
- Intermediary oversight: Monitoring the blue sky state registration process
- Highlights from PwC's 2014 Financial Services Audit Committee Forum
- President Obama signs law changing mutual fund tax rules

September 30, 2014
This edition of Current Developments includes articles on the following topics:

- Regulatory hot topics affecting asset managers and mutual funds
- Cybersecurity considerations in financial services
- Asset management benchmarking study for traditional asset managers
- Seed capital – Investing in product innovation

June 30, 2014
This edition of Current Developments includes articles on the following topics:

- Money market fund reform developments
- Liquid alternatives – Operational and regulatory considerations
- FATCA - Mutual funds may need to identify a responsible officer for certain non-US entities
- Investment spotlight on sovereign debt

March 31, 2014
This edition of Current Developments includes articles on the following topics:

- A new focus on mutual fund director compensation
- Asset Management 2020: A Brave New World
- COSO framework update
- Chairman Camp's tax reform discussion draft would impact mutual funds

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Key considerations for board and audit committee members, 2014-2015 edition

This edition addresses topics for today's changing boardroom agenda and focuses on topics that directors may want to consider in the coming year as part of their evolving oversight roles. These topics include shareholder activism, emerging technologies, cybersecurity, the new revenue recognition standard, and noteworthy investor perspectives.

The quarter close – Directors edition Q1, 2015

The quarter close – Directors edition is designed to keep directors informed about the latest accounting and financial reporting issues. Topics featured in this edition include (1) accounting implications of the plunge in oil and natural gas prices, (2) affordable Care Act – should your company accrue for "pay or play" penalties, (3) private companies – application nuances in accounting for intangibles, (4) new revenue recognition standard – FASB, IASB and TRG make headway on implementation issues, (5) cloud computing – FASB to issue new guidance, (6) FASB blazing trails to simplify share-based payment accounting, and (7) corporate governance – involving the audit committee when there is an accounting change, and integrating evolving governance into your board agenda. This edition also includes video perspectives on various hot topics.

In brief: FASB proposes one year deferral of new revenue standard, April 2015

The FASB voted on April 1, 2015 to propose a deferral of the effective date of the new revenue standard by one year, but to permit entities to adopt one year earlier if they choose (i.e., the original effective date). The FASB plans to issue a proposed Accounting Standards Update on the deferral of the effective date with a 30-day comment period. The publication discusses the key provisions.

In brief: FASB issues a final standard to simplify the presentation of debt issuance costs, April 2015

On April 7, 2015, the FASB issued Accounting Standard Update 2015-03, *Simplifying the Presentation of Debt Issuance Costs*, which requires debt issuance costs to be presented in the balance sheet as a direct deduction from the carrying value of the associated debt liability, consistent with the presentation of a debt discount. For public business entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. For all other entities, the standard is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. Early adoption is permitted for financial statements that have not been previously issued. The new guidance will be applied on a retrospective basis.

Regulatory and standard-setting developments, March 2015

This publication provides a summary of activities of the PCAOB, SEC, and FASB, and related international developments that are of interest to audit committees and companies. The FASB section highlights the new consolidation guidance, the simplification proposal for income tax and share based payment accounting, recent developments from the January 2015 Transition Resource Group meeting and accounting implications of dips in oil and natural gas prices. An update at the SEC includes the status of certain Dodd-Frank Act mandates, the settlement with the Chinese affiliates of the Big Four public accounting firm networks, and recent developments in proxy voting.

Developments at the PCAOB includes updating its standard setting agenda. Priorities in the agenda include the auditor's reporting model, supervision of other auditors and multilocation audit engagements, use of specialists and going concern.

Internationally, the IAASB released its revised auditor reporting standards.

Audit Committee Excellence Series: Achieving excellence — Overseeing accounting changes, February 2015

This edition addresses understanding proposed accounting changes; assessing financial reporting, disclosure and communication implications; and taking a holistic approach to an accounting change. Also discussed is the new revenue recognition standard, with a focus on financial reporting and adoption considerations and the broader business implications.

BoardroomDirect: February 2015

The edition includes an article on the proxy access shareholder proposals in the 2015 proxy season. It also includes short items on: (1) President Obama's new agency for analysis of cyber threats, (2) The NACD's 2015 Public Company Governance Survey results on the adequacy of cybersecurity-related information from management, (3) ISS's release of FAQs on its equity plan scorecard, (4) SEC's proposed rules for hedging disclosure, and (5) FASB's amendment of consolidation guidance.

In depth: New consolidation standard, the FASB guidance allows early adoption now, February 2015

The FASB issued a new consolidation standard on February 18, 2015 that makes targeted amendments to the current consolidation guidance. The changes are designed to address most of the concerns of the asset management industry and end the deferral granted to investment companies from applying the VIE guidance. The new guidance also provides a new scope exception to registered money market funds and similar unregistered money market funds.

In depth: Classification and measurement of financial instruments — What to expect, February 2015

The FASB has substantially completed deliberations on its financial instruments—classification and measurement project. The new standard, expected to be issued later this year, makes only targeted changes to current U.S. GAAP, with the most significant change related to investments in equity instruments. Most of those investments will be required to be measured at fair value, with subsequent changes in fair value recognized in net income. No significant changes are expected to the classification and measurement guidance for investments in loans and debt securities.

The issuance date of the final standard will partly depend on whether the FASB chooses to align the effective date of the classification and measurement project with the effective date of the still to be completed impairment project.

ETF2020: Preparing for a new horizon, January 2015

The ETF (Exchange Traded Fund) market is growing at a rapid pace. Growing far beyond their initial function of tracking large liquid indices in developed markets, ETFs now hold over $2.6 trillion of assets globally. In this report, PwC has surveyed asset managers, service providers and other industry participants around the world in an effort to better understand regional developments in ETFs and use their expertise as a sounding board for our own perspectives. ETF 2020: Preparing for a new Horizon, leverages the results of our global survey and our insights to paint a picture of how the ETF business and landscape is likely to develop globally over the next six years. To help asset managers prepare to compete in this fast changing environment, we have considered the ongoing evolution, barriers to growth and the opportunities that lie ahead, and how they can plan for 2020.

In brief: FASB removes concept of extraordinary, retains guidance on unusual items, January 2015

On January 9, 2015, the FASB issued Accounting Standards Update 2015-01, Income Statement—Extraordinary and Unusual Items, to simplify income statement classification by removing the concept of extraordinary items from U.S. GAAP. The standard is effective for both public and private companies for periods beginning after December 15, 2015. Early adoption is permitted, but only as of the beginning of the fiscal year of adoption. Upon adoption, a reporting entity may elect prospective or retrospective application.

Point of view: Audit Committee evolution – 2014 and beyond

Audit committees' agendas continue to expand as companies are faced with a rapidly-changing global business landscape, the proliferation of standards and regulations, increased stakeholder scrutiny and a heightened enforcement environment. As a consequence, audit committees must continue to transform and evolve to maintain and increase their effectiveness. What actions are they taking? Leading audit committees are setting a strong tone at the top, owning their agenda, building strong relationships with auditors, evaluating their informational and educational needs, and critically assessing their own performance.

What matters in the boardroom? Director and investor views on trends shaping governance and the board of the future, December 2014

In the summer of 2014, PwC conducted two separate surveys to gain insights from both public company directors and institutional investors on trends that we believe are shaping corporate governance. 70% of directors who responded serve on the boards of companies with more than $1 billion in annual revenue. At the same time, institutional investors with over $11 trillion in aggregate assets under management responded to PwC's 2014 Investor Survey. This research compares the responses of PwC's 2014 Annual Corporate Directors Survey and PwC's 2014 Investor Survey in order to identify areas where viewpoints are shared or different perspectives may exist between directors and investors.

Annual Corporate Directors Survey: Trends shaping governance and the board of the future, 2014

A total of 863 public company directors responded to our 2014 Annual Corporate Directors Survey. Of those, 70% serve on the boards of companies with more than $1 billion in annual revenue. The survey addresses the following areas and provides insight about the trends that are affecting what goes on in the boardroom: 1) Board performance and diversity; 2) Board priorities and practices; 3) IT and cybersecurity risk; 4) Executive compensation and director communications; and 5) Strategy and risk oversight.

18th Annual Global CEO Survey (2015)

Asset management CEOs are increasingly optimistic this year, reflecting the recent rise in equity markets and a strong outlook for their businesses over the years to 2020. They're actively investing for growth, looking to make acquisitions, add headcount and increase technology spending.

The quarter close – Directors edition Q4, 2014

The quarter close – Directors edition is designed to keep directors informed about the latest accounting and financial reporting issues. Topics featured in this edition include (1) the tie between the new revenue standard and compensation plans, (2) concern about modifying debt that could constitute embedded derivatives, (3) elimination of extraordinary items, (4) new mortality tables that may extend the run of benefits, (5) upcoming standard for private companies that could reduce the cost and complexity of accounting for business combinations, (6) an interview with Troy Paredes, former SEC commissioner, regarding the SEC's focus on financial reporting, its efforts regarding the disclosure regime, and the possibility of a decision on using IFRS in the US, and (7) corporate governance – insights on key governance trends.

In depth: Year-end financial reporting considerations, December 2014

This publication revisits financial reporting topics that continue to challenge financial reporting professionals because of their prevalence, complexity or unique nature – the so-called "usual suspects." Additionally, it summarizes the FASB's newly issued standards, some of which are eligible for adoption in the 2014 reporting cycle.

Regulatory and standard-setting developments, December 2014

This document provides a summary of the activities of the FASB, SEC, and PCAOB, and describes related international developments that may be of interest to audit committees, companies, and their stakeholders. This issue highlights the themes that were discussed during the AICPA National Conference on Current SEC and PCAOB Developments, recent developments at the FASB/IASB transition resources group, pushdown accounting, PCC standards, and financial instruments. An update at the SEC includes the status of certain Dodd-Frank Act mandates and the recently released fiscal year 2014 enforcement results. Recent developments at the PCAOB include updates for the proposed changes to the auditor's report, including critical audit matters, enhancements to the auditor's responsibility and reporting on other information, and discussions at the November Standing Advisory Group meeting. Internationally, member states have begun considering the EU audit reform rules that came into force in June.

In depth: AICPA National Conference on Current SEC and PCAOB developments, December 2014

Key themes of the 2014 AICPA Conference were disclosure effectiveness, comparability, and the need for simplification. The 2014 AICPA National Conference on Current SEC and PCAOB Developments (the Conference) brought together presenters from across the accounting landscape: regulatory and standard setting bodies, auditors, users, preparers, and industry experts. The SEC staff provided an update on regulatory and financial reporting matters including areas of frequent staff comment, consultation trends, and enforcement actions. Speakers from the FASB, IASB and PCAOB each provided updates on current standard setting activities and areas of focus in the coming year.

An overarching theme of the Conference was the importance of providing investors and other stakeholders with decision-useful information through financial reporting. More specific areas of discussion related to the implementation of the new revenue recognition standard, ongoing projects on disclosure effectiveness and simplification, reminders on certain technical accounting and reporting matters, and building investor confidence in the audit opinion through a focus on audit quality. Updates on conflict minerals and integrated reporting initiatives were also provided.

BoardroomDirect, December 2014

This edition includes highlights of the 2014 edition of the comparative report of PwC's Annual Corporate Directors Survey and Investor Survey. There is also an article on the importance of board oversight of management's social media policies and risk management plans. There is news about the proposed CEO/median pay ratio rule, the 2014 SEC whistleblower report to Congress, the PCAOB looking to issue a concept release on audit quality indicators, and the findings of an audit committee transparency barometer.

Q4 Current Accounting and Reporting Developments Webcast, December 2014

PwC's National Professional Services Group's 'Current Accounting and Reporting Developments Webcast' was held on Wednesday, December 17, 2014. The 90 minute CPE eligible recorded webcast features insights from a broad range of PwC specialists who will update you on the current state of technical topics and emerging issues that may impact your business.

In brief: Consolidation – FASB completes decision making, December 2014

The FASB has completed its decision making related to the consolidation project. A final standard is expected in February 2015. The new standard will be effective in 2016 for calendar year-end public business entities, and 2017 for other reporting entities. Early adoption will be permitted. This In brief summarizes key decisions reached at the December 10, 2014 FASB meeting.

State of Compliance 2014 Financial services industry brief

The 2014 annual Compliance function survey notes four themes capturing important elements of the state of compliance in the financial services sector:

- Financial services organizations are devoting increasing attention and resources to compliance.
- There is no consensus among financial services organizations as to where the chief compliance officer (CCO) fits in the organizational chart.
- CCOs and compliance committees are challenged to better understand their organizations' business strategies, activities, and operations.
- CCOs are challenged to report compliance matters to the board and senior management in a way that supports their organizations' strategies.

Asset managers: FSOC stands down, SEC stands up, November 2014

In August, the Financial Stability Oversight Council (FSOC) announced that rather than designating individual asset managers as systemically important financial institutions, it would focus on examining systemic risk posed by asset managers' products and activities. Although FSOC's shift away from designating large asset managers marks a significant victory for the SEC and the industry, the move is by no means the end of increased regulatory scrutiny. FSOC and other regulators now expect the SEC to assume a prudential supervisory role, in addition to exercising its traditional mandate of investor protection. The brief (a) provides background on the ongoing debate regarding the systemic risk potentially posed by asset managers, (b) outlines our view of the next steps the SEC will likely take, and (c) assesses the impact of global regulatory efforts on US asset managers.

Stay informed: 2014 SEC comment letter trends - Financial Services, November 2014

This paper discusses the recent areas of focus and applicable accounting or reporting guidance in SEC staff's comment letters issued over the past few years to registrants within the financial services industry and the identified trends of hot topic areas, including Asset Management sector specific highlights.

Threat smart: Building a cyber-resilient financial institution, October 2014

The traditional information security model – controls and compliance based, perimeter-oriented, and aimed at securing data and the back office – does not address the realities or complexities of cyber risk today. Financial institutions should see cyber risk management as an integral aspect of managing their business and controlling risks. While this doesn't eliminate cyber risks, it allows you to manage those risks through an informed decision-making process.

Regulatory and standard-setting developments, September 2014

This document provides a summary of the activities of the FASB, SEC, and PCAOB, and describes related international developments that may be of interest to audit committees, companies, and their stakeholders. This issue highlights recent developments at the FASB on the consolidation, simplification, revenue, leasing, going concern and financial instruments projects. Updates at the SEC include the appointment of a new Chief Accountant along with internal control updates and COSO considerations. Recent developments at the PCAOB include the issuance of a staff consultation paper on the auditing of accounting estimates and fair value measurements, an update on the auditor reporting model and the issuance of a Staff Audit Practice Alert for auditing revenue.

The quarter close – Directors edition Q3, 2014

The quarter close – Directors edition is designed to keep directors informed about the latest accounting and financial reporting issues. This edition discusses the following items: (1) the new revenue standard, (2) spin-offs, (3) recognizing revenue for sales of virtual goods, (4) sale-leaseback transactions, (5) the new FASB rule requiring going concern assessment, (6) corporate governance – audit committee excellence, and more.

BoardroomDirect, September 2014

This edition includes a summary of the latest Audit Committee Excellence Series – Achieving excellence: Overseeing external auditors. It also includes short items on: (1) initiatives by two large institutional investors to boost gender diversity on boards, (2) what is important about board self-evaluations, (3) an update on Dodd-Frank Act rulemaking, and (4) FASB and PCAOB actions regarding going concern disclosures.

Audit Committee Excellence Series: Achieving excellence — Overseeing external auditors, September 2014

This edition addresses communications with the external auditor, the audit committee chair's working relationship with the lead audit partner, auditor independence, and the preapproval process for auditor services. Some other topics discussed include the external auditor relationship with internal audit; the influence of other parties, such as the PCAOB, Center for Audit Quality and proxy advisory firms; and evaluating the auditor.

In depth: FASB defines management's going concern assessment and disclosure responsibilities, September 2014

On August 27, 2014 the FASB issued a new standard — Accounting Standards Update No. 2014-15, Disclosure of *Uncertainties about an Entity's Ability to Continue as a Going Concern*, which defines management's going concern assessment and disclosure responsibilities. The new standard will explicitly require management to assess an entity's ability to continue as a going concern, and to provide related footnote disclosures in certain circumstances. According to the new standard, substantial doubt exists if it is probable that the entity will be unable to meet its obligations within one year after the financial statement issuance date. The likelihood threshold of "probable" is used similar to its current use in U.S. GAAP for loss contingencies. Disclosures will be required if conditions give rise to substantial doubt. Management will need to assess if its plans will alleviate substantial doubt to determine the specific disclosures. The publication provides a summary of the key provisions.

BoardroomDirect, August 2014

This edition discusses ways to improve cybersecurity dialogue between the C-suite and the board. It also includes short items on: (1) the US Chamber of Commerce's proposed corporate disclosure recommendations, (2) highlights of the 2014 proxy season from proxy advisor Institutional Shareholder Services, (3) the PCAOB staff's consultation paper on accounting estimates and fair value standards, and (4) proposed changes to the internal audit practices framework from the Institute of Internal Auditors.

In brief: PCAOB seeks comments on auditing accounting estimates and fair value measurements, August 2014

On August 19, 2014, the PCAOB issued for public comment a staff consultation paper on standard-setting activities related to auditing accounting estimates and fair value measurements. The staff consultation paper discusses and solicits comment on certain issues related to auditing accounting estimates and fair value measurements in order to assist the PCAOB staff in evaluating whether the existing PCAOB auditing standards can and should be improved. The article provides an overview of the consultation paper.

In Brief: SEC issues final rules to reform money market funds, July 2014

On July 23, 2014, the SEC issued final rules aimed at reducing the risk of a run by investors on money market funds. The new rules mandate the use of a floating net asset value for institutional prime money market funds. In addition, the rules provide boards the ability to impose liquidity fees, as well as implement redemption gates during periods of stress. The rules are not expected to alter the designation of money market funds as cash equivalents.

In the loop: EU audit reform – the impact beyond Europe, July 2014

This issue discusses how audit reform in the European Union (EU) doesn't directly apply to US companies—but certain European subsidiaries could be scoped in. The new requirements apply to subsidiaries that meet the definition of an EU public interest entity, including EU banks and insurers. The rules become effective in 2016, except for mandatory firm rotation, which is subject to a transition period. However, US multinationals should take steps now to understand if and how the legislation affects their EU subsidiaries. Complying with the requirements could be challenging and require advance planning, especially if

EU statutory audits are performed by the same audit firm performing the US company consolidated audit.

Asset Management Alert: Certain total return derivatives facing increased scrutiny, July 2014

On July 22, 2014, the Senate Permanent Subcommittee on Investigations (“PSI”) held a hearing entitled “Abuse of Structured Financial Products: Misusing Basket Options to Avoid Taxes and Leverage Limits.” Although the purpose of the hearing was to probe the use of a particular trading strategy by certain hedge funds, it may result in increased scrutiny around total return derivatives and may further shed a negative spotlight on the industry.

Audit Committee Excellence Series: Achieving excellence — Overseeing internal audit, July 2014

This edition is about effective oversight of the internal audit function and includes discussion of directors’ role in maximizing internal audit’s value proposition.

Regulatory and standard-setting developments, June 2014

This document provides a summary of the activities of the PCAOB, SEC, and FASB, and describes related international developments that are of interest to audit committees, companies, and their stakeholders. It includes some of the relevant regulations, standards, and guidance that were recently issued or are on the horizon.

Regulatory Brief: SEC sweep on liquid alternative funds, June 2014

This Regulatory Brief (a) provides background on liquid alts, (b) describes the SEC’s concerns, (c) suggests areas of future exam focus, and (d) offers suggestions on what industry participants can do now to prepare.

The Quarter Close – Directors’ Edition Q2 2014, June 2014

The quarter close — Directors edition is designed to keep directors informed about the latest accounting and financial reporting issues.

This edition discusses the following items: 1) overseeing the process of going public; 2) accounting for software costs; 3) an overview of the new discontinued operations guidance; 4) the latest private company accounting alternative for leases under common control; 5) financial institutions prepare to comply with new regulations; and 6) corporate governance – audit committee excellence.

In Brief: PCAOB adopts final standard on related parties and related amendments to other auditing standards, June 2014

On June 10, 2014, the PCAOB adopted Auditing Standard No. 18, Related Parties, and amendments to other auditing standards to strengthen auditor performance requirements in three critical areas of the audit: (1) related party transactions, (2) significant unusual transactions, and (3) a company’s financial relationships and transactions with its executive officers. The new standard and amendments will be effective for audits of financial statements for fiscal years beginning on or after December 15, 2014, including reviews of interim financial information within these fiscal years.

In Brief: FASB amends repo accounting and enhances disclosures, June 2014

The new standard amends the accounting guidance for “repo-to-maturity” transactions and repurchase agreements executed as repurchase financings. This issue summarizes the new accounting and disclosure requirements. Public business entities are required to apply the accounting changes and comply with the enhanced disclosure requirements for the first interim or annual reporting period beginning after December 15, 2014. For repurchase and securities lending transactions reported as secured borrowings, the new standard's enhanced disclosures are effective for annual periods beginning after December 15, 2014 and interim periods beginning after March 15, 2015.

In depth: The standard is final–A comprehensive look at the new revenue model, June 2014

This issue summarizes the new revenue recognition model. Accompanying the issue is an initial release of industry-specific supplements with examples and further insights into ways entities within the industry are likely to be affected by the revenue standard. Additional supplements will be released over the coming weeks.

In the loop: Reporting revenue — new model, new strategy? June 2014

This issue of discusses the newly issued revenue guidance and how it could impact a company's business practices and go-to-market strategies.

Five megatrends and possible implications: Directors edition, April 2014

The publication looks at the complexities and interconnectedness of the megatrends, and the potential implications on business— now and in the future. It offers a high-level view of the megatrends for directors to discuss with their companies. The megatrends are: 1) accelerating urbanization; 2) climate change and resource scarcity; 3) demographic shifts; 4) a shift in economic power; 5) technological breakthroughs.

Audit Committee Excellence Series—Achieving excellence: Financial reporting oversight, May 2014

This edition discusses the importance of press releases covering preliminary results, considerations for audit committees before releasing results, and tips for reviewing actual filings.

Board oversight of risk: Defining risk appetite in plain English, May 2014

This board-level report provides an overview of the risk appetite process, the board's role in risk appetite, and questions boards should consider asking management about risk appetite.

BoardroomDirect: Special Edition (ProxyPulse, first edition 2014)

PwC's Center for Board Governance released a Special Edition of BoardroomDirect, the Center's newsletter for directors and executives. The Special Edition announces ProxyPulse, first edition 2014 - a collaboration of PwC's Center for Board Governance and Broadridge Financial Solutions. ProxyPulse contains key trends from the 2013 fall "mini-season" covering the 1,066 shareholder meetings held between July 1 and December 31, 2013, along with comparative data from the 2012 fall mini-season.

Point of view: Financial statement disclosures - Enhancing their clarity and understandability, April 2014

Preparers can take actions today to make sure they are preparing clear and understandable disclosures based on the facts and circumstances. Other capital market participants also have a role to play by encouraging disclosure of only important, relevant information. Within established rules and legal requirements, exercising well-reasoned judgment to determine relevant disclosures should streamline financial statement presentation and provide users with the information that is most important for decision making. Organization, formatting and cross-referencing also can enhance navigation within the financial statements.

Asset Management 2020: A Brave New World, 2014

The publication sets out how the operating landscape for asset managers will change by 2020 and explains how asset managers can prepare for the challenges ahead and turn them into competitive advantages.

The Quarter Close – Directors' Edition Q1 2014, March 2014

The quarter close — Directors edition is designed to keep directors informed about the latest accounting and financial reporting issues. This edition discusses the following items: 1) new accounting standards for private companies being adopted; 2) assessing whether profit-sharing arrangements are accounted for as equity or a bonus; 3) two class method of calculating earnings per share; 4) accounting for new transaction types using old methods – gross versus net revenue analysis; 5) allocating income taxes to separate company and carve-out financials; 6) new FASB developments relating to financial instruments, consolidations, and insurance projects; 7) regulatory matters; and 8) corporate governance – cybersecurity, and more.

In brief: FASB issues exposure draft of the Conceptual Framework for Financial Reporting: Notes to Financial Statements, March 2014

The FASB issued an exposure draft of the Conceptual Framework for Financial Reporting: Notes to Financial Statements (the "Proposal"). The Proposal is part of the FASB's disclosure framework project, intended to make financial statement disclosures more effective and less redundant. It details a framework to be used by the FASB in its standard-setting activities for determining what information is relevant to the users of financial statements and should be included in the notes. The framework will not only be used as a basis for establishing future disclosure requirements, but can be used to evaluate existing disclosures. Comments on the exposure draft were due by July 14, 2014.

Regulatory and standard-setting developments, March 2014

This document provides a summary of the activities of the PCAOB, SEC, and FASB, and describes related international developments that are of interest to audit committees, companies, and their stakeholders. It includes some of the relevant regulations, standards, and guidance that were recently issued or are on the horizon.

10 Minutes on service provider transparency, December 2013

Service providers play an increasingly critical role in today's competitive business model, from protecting sensitive customer data and managing technology to running essential business processes. When service providers suffer breakdowns, their clients can unwittingly violate regulations or even lose customer trust. This 10Minutes highlights that businesses may know less than they realize about their service providers' controls. Service Organization Control reports can help businesses increase confidence in their providers' critical technology systems. They may request audited Service Organizational reports to assess a service provider's controls around outsourced technology and systems supporting outsourced business processes. These reports can offer greater peace of mind around service providers, and savvy businesses can use them to distinguish themselves through their outsourcing models.

PwC webcasts and industry conferences

PwC webcasts

CPE eligible webcast: Navigating the FASB's new consolidation standard. Financial services industry

The webcast provides insight into the impact that the FASB's new consolidation standard (Topic 810) will have on companies. The new consolidation standard will be effective for public business entities beginning after December 15, 2015 and December 15, 2016 for all other entities. Early adoption is permitted, including in an interim period. The changes in the standard are extensive and apply to all companies.

Our PwC specialists discuss the following key changes made by this new standard and its effects, in particular, on companies within the financial services industry.

Original air date: March 10, 2015

Perspectives from the board and investors

Significant changes in the economic, political, and business environment have necessitated that corporate directors evolve and adapt now more than ever. Drawing on insights from PwC's 2014 Annual Corporate Directors Survey and PwC's 2014 Investor Survey, PwC leaders discuss the survey findings in the context of an increasingly active regulatory environment, the need for heightened transparency and a deeper understanding of investor concerns, and other critical issues impacting the boardroom.

Original air date: November 5, 2014.
Expires: October 31, 2015

Industry conferences

ICI
2015 Closed-End Fund Conference
Wednesday, November 4, 2015
New York, NY

2015 ICI Cybersecurity Forum
Thursday, November 5, 2015
Washington, DC

www.ici.org

IDC
2015 Fund Directors Conference
Monday, October 26, 2015 – Wednesday October 28, 2015
Chicago, IL

www.idc.org

Mutual Fund Directors Forum
Conference of Fund Leaders Roundtable
Wednesday, June 3, 2015
New York, New York

Director Discussion Series, Open Forum
Friday, June 19, 2015
Kansas City

Wednesday, September 9, 2015
Greenwich, CT

www.mfdf.org

PwC
PwC Financial Services Audit Committee Forum
Thursday, October 1, 2015
New York, New York

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