



The ID Register

Business Summary

Last Updated March 2017



ELEVATOR PITCH:

StepStone, KPMG and The ID Register have been working together to create a universal onboarding platform for the financial services industry including a securities law questionnaire, AML/KYC and FATCA/CRS. We think it is something that benefits all market participants:

- Investors – fill out one profile and keep it up to date – easier and more efficient, more secure than email
- Sponsors – investor onboarding is faster and cheaper (much less back and forth with investors to gather information)
- Regulators – more standardized approach across jurisdictions – overall higher quality of diligence on counterparties rather than varying quality of review depending on the party conducting the review
- Service providers – reduce exposure to lower margin work that generally irritates clients in any event so that they can focus on 'value add' services (that are also higher margin).

here are our: [Website](#), [Leaflet](#), [Video](#), [Due Diligence Pack](#)

OUR MARKET

We hold KYC and FATCA profiles on 12,000 complex institutional and High net Worth individual investors. 39% are shared between multiple fund managers. Our experience supporting FATCA in 2014 demonstrated that managers have a significant compliance burden and that the vast majority of investors will complete their information online. An efficient, online process combined with knowledgeable service has therefore supported growth. FATCA demonstrated that:

- Added value comes from providing knowledgeable help promptly to investors;
- The pooling effect whereby investors submit information once across multiple managers is a powerful sales tool
- CDD, Sanctions Screening and FATCA all use the same investor data and are mutually dependant.

FATCA has shown that many regulated firms worry about incomplete or out of date CDD on their account holders and investments and may be unsure what they hold and whether it is sufficient. Firms must balance the requirements of AIFMD, FATCA, the Common Reporting Standard and the FATF guidance against the risk of alienating investors who are asked for the same information from multiple firms.

The online self-service principle whereby information uploaded once can be accessed - with permission - by a number of people, allows firms to obtain a complete CDD record while alleviating the burden on investors. Investors meanwhile could also sign up online and share their information with new managers, thereby increasing our client base.

COMPETITOR ANALYSIS

A range of software suppliers offer different parts of our service. None offer a complete service and none offer the bespoke support for complex investment structures that form our core expertise. This helps to explain why relatively few of our existing clients use these services. Across the Funds industry, lawyers, investors and fund managers intuitively recognise the benefits of pooling investor CDD.

Competitors break down as shown below. Extensive discussions were held with Intralinks in 2015 to no effect which illustrates a reluctance to evolve. The Big 4 firms have all produced excel-based tools for the first cycle but are not prepared to host any data and have limited capability in assisting the investor DD process.

Due diligence and sanctions products are largely commoditised and offer little else so are not a natural fit with complex investment structures. A number of portals such as KYCme in Jersey have appeared but offer only document sharing and are largely building a client base from scratch. Again, this limits the scope of both the service model and its benefits to investors.

The whole, by supporting the investor relationship throughout the fund lifecycle, is therefore far greater than the sum of its parts.

Competitor Type	Competitor	Investor Documents / Dealroom	Investor live data	Investor DD - Docs	Investor DD - Data	Sanctions Screening	FATCA Classification	FATCA Registration	FATCA Investor DD	FATCA Reporting	Investment DD
Document Portals	Intralinks										
	Pear Online										
	Alt Exchange										
FATCA	pwc										
	EY										
	XML Portals										
Due Diligence	Thomson Reuters										
	KYCme										
Sanctions	Northstar										

ROADMAP

Investor services are needed throughout the investment lifecycle. Pre-launch, many sites offer **deal rooms** for information and subscription documents however after that they have little to offer. The ID Register can immediately connect with the investors and request **CDD** which can be refreshed and risk assessed online.

Thereafter, a number of frequent investor processes can be processed online:

- **CDD refresh:** Trigger events such as transfers require a CDD review. This process is often time consuming and paper-based. Tax reporting regimes (FATCA and CRS) have demonstrated that an online approach can drive revenue growth at a higher margin.
- **Capital Notices:** can be distributed by a link to the portal thereby reducing the risk of error and uncharged time spent at present.
- **Cash Management:** The frequent question “Where is my distribution payment? Please send me the bank advice” will be available online.

As the fund makes investments, **investment due diligence** for the people involved (e.g. the directors of the investee company) is required. This is a loss-leader for legal firms whose cost base is too high profitably to deliver this element and who cannot share the diligence gained in a pooling approach. At Reporting periods, we can then provide a **complete FATCA and CRS compliance** through all four stages. No other provider has offered a complete service from Classification through Registration, Investor DD and Reporting. The information held also forms the majority of the **AIFMD reporting** dataset which will assist in cross-selling this service.

As the service grows, further strands may develop. We will hold each investor’s capital transaction history and share of the fund’s NAV which could be displayed in **live pro-forma capital accounts** at Fund, Manager or Investor levels. Larger administrators can bundle investor and investment **introductions** with their service which has been a feature of our larger pitches to date. Many investors also require **Tax Reporting** across the jurisdictions in which they operate. Again, by connecting to multiple managers, Investors benefit from consolidating their data automatically, so saving time and effort.