

# Growth of Commission Sharing Agreements accelerates and takes on a more strategic, global role in 2011/12 says MPI survey

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**MPI Europe**

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The results of the MPI Europe survey of directors and staff in financial institutions on the usage and trends in commission management in 2011 have been published today. Following an even greater response than the previous year, with more than 50 firms contributing, the overall view was that

growth of Commission Sharing Agreements (CSA) continues to accelerate and they now are taking on a more strategic, global role. CSAs continue to fulfil a clear market function and their efficient management by firms contributes to the overall effectiveness of their investment process.

In addition, the MPI survey found that:

- 83 % of Asset Managers believe that market usage of CSA's will increase over the next 12 months.
- 53 % of European respondents indicated that they had 25 or more CSA agreements already in place.
- 67% of Brokers believe greater market standardisation of CSA agreements would have a "significant impact" on their investment process – underlining the need for many brokers to accommodate differing types of agreement and data interfaces.

John Cant, Managing Director of MPI Europe commented:

"The appetite for leading firms to make the most of CSAs as a way of improving the effectiveness of their investment process continues to grow, in spite of, or possibly because of, the current market conditions. To maximise these gains, leading firms are moving away from manual or restrictive processes and looking to increase automation and also to support and leverage global CSA relationships".

## Importance of global agreements

Over half of all respondents indicated there would be a material effect if they could operate a global CSA effectively. It was not clear from the responses whether issues with global agreements were due to system, organisational or external market factors, however as Mr. Cant commented: "At MPI, we have seen the number of global clients we work with in this area increase over recent years – providing further evidence of this trend. We have frequently been involved where an institution has been looking to put global CSA business and systems processes in place that also allow them to provide a level of customisation to local requirements".

## Methodology

MPI surveyed a range of financial sector firms to understand the key trends, challenges and opportunities in the use of commission sharing agreements. The survey was conducted during a 5 week period in July/August 2011 and gained responses from over 50 asset managers, brokers and research providers.

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