

## **MAJOR BROKER-DEALERS SUPPORT THE ADOPTION OF SBAI'S DUE DILIGENCE QUESTIONNAIRE (DDQ) FOR ALTERNATIVE RISK PREMIA PRODUCTS**

16 December 2020

The Standards Board for Alternative Investments (SBAI) is delighted to announce that major broker-dealers support the adoption of the SBAI Alternative Risk Premia DDQ for Broker-Dealer Products. The DDQ assists institutional investors and investment managers in their due diligence of broker-dealers through a standardised set of questions.

The firms who support the SBAI Alternative Risk Premia DDQ for Broker-Dealer Products include:

- Barclays
- BNP Paribas
- CIBC
- Citi
- Goldman Sachs
- JP Morgan
- Macquarie Group
- Morgan Stanley
- UBS

The SBAI's Alternative Risk Premia Working Group developed the DDQ with the aim of promoting both transparency and a way to compare consistently broker-dealer products. Input was also sought from the broker-dealer community in recognition that the sell side has a role in delivering these aims.

Matt Talbert, Director at Teacher Retirement System of Texas and a member of the Working Group said: "The SBAI Alternative Risk Premia DDQ for Broker-Dealers provides a powerful tool that will help institutional investors scrutinise broker-dealer products, enabling them to make better informed investment decisions."

The SBAI Alternative Risk Premia DDQ includes 70 questions covering a range of topics, including the broker-dealers' research and development capabilities, governance, operational aspects, trading set-up, team set-up, investment process, index design and cost analysis.

Sean Flanagan, Global Co-Head of Quantitative Investment Strategies at Morgan Stanley, said: "We welcome the publication of the SBAI Alternative Risk Premia DDQ for Broker-Dealers. A wide adoption of the DDQ could help the due-diligence process become more efficient, giving investors a better platform to make comparisons between offerings at different providers and for broker-dealers to demonstrate their control environment to potential clients."

Michele Cancelli, Global Head of QIS Trading and Structuring at Citi, said: "Investing in systematic Alternative Risk Premia products requires dedicated due diligence of the broker-dealer's research and

development, index design, strategy implementation and governance processes. This DDQ provides a detailed set of questions enabling investors to conduct a thorough assessment of a broker-dealer's platform and simplify like-for-like comparison of products across providers."

Thomas Deinet, Executive Director of the SBAI, said: "The SBAI Alternative Risk Premia DDQ for Broker-Dealers is yet another example of how the SBAI supports the creation of frameworks of transparency, good governance and integrity, facilitating investor due diligence and thereby simplifying the investment process. The SBAI is delighted with the support of the DDQ by the broker-dealer community and encourages investors to use it."

The SBAI Alternative Risk Premia DDQ for Broker-Dealer Products is a supplement to [two previously published memos](#) on Alternative Risk Premia in July 2020. It forms part of the [SBAI Toolbox](#), which provides guidance to institutional investors, managers and other industry participants on a broad range of topics, including addressing conflicts of interest, risk and fee transparency, cyber security, etc.

### **About the Standards Board for Alternative Investments (SBAI)**

Established in 2008, the SBAI is a neutral standard-setting body for the alternative investment industry and custodian of the Alternative Investment Standards (the Standards). The Standards Board is a platform that brings together industry stakeholders to share areas of common concern and develop practical, industry-wide solutions. It provides a powerful mechanism for creating a framework of transparency, integrity and good governance, facilitating investor due diligence, providing a benchmark for manager practice, and complementing public policy.

The SBAI and the Standards are supported by more than 130 alternative investment managers with approximately \$1 trillion in aggregate assets and by more than 80 major institutional investors, including sovereign wealth funds, pension funds, endowments/foundations and fund of funds, overseeing \$4 trillion in assets. More information about the SBAI can be found at [www.sbai.org](http://www.sbai.org).

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**Notes to editors:**

1. List of members of the Alternative Risk Premia Working Group:
  - Aalto University Foundation
  - Aberdeen Asset Managers Limited
  - Albourne Partners
  - Arch Ventures
  - ARP Americas
  - Aspect Capital
  - Capital Fund Management
  - CdR Capital Ltd
  - Eleos Capital Advisors Limited
  - Fiera Capital
  - Innocap
  - Man Group
  - Martlet Asset Management
  - Noviscient
  - Teacher Retirement System of Texas
  - Unigestion
  - USC University of Southern California
  - QMA Wadhvani
  - Welton Investment Partners
  - West Virginia Investment Management Board
  
2. The Trustees of the SBAI are:
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  - Poul Winslow, Senior Managing Director, Global Head of Capital Markets and Factor Investing, Canada Pension Plan Investment Board
  
3. The Founders of the SBAI are:
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7. Investor Chapter Members include (please [click](#) to see the full list):
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  - Teacher Retirement System of Texas
  - University of Toronto Asset Management
  - University of Southern California
  - Utah Retirement Systems
  - UTIMCO
  - Varma Mutual Pension Insurance Company
8. [Signatories](#) (please click to see the full list)
9. In July 2014, the SBAI became an affiliate member of the International Organization of Securities Commissions (“IOSCO”).