Wolters Kluwer

CT

ADVANCED COMPLIANCE INSIGHTS

DEBUNKING THE TOP MYTHS OF GLOBAL ENTITY MANAGEMENT AND COMPLIANCE

WRITTEN IN CONJUNCTION WITH TMF GROUP.

"Buying into these frequently held misconceptions can be costly, so it's critical to be able to recognize them when they arise."

When it comes to global entity compliance issues, even relatively minor missteps can have dramatic consequences. That's why it's essential to maintain a thorough understanding of the issues that dominate the world of global entity management (also referred to as global subsidiary management).

Unfortunately, operating with perfect information isn't always possible. Like any other professional field, compliance has its challenges with regard to persistent myths and misinformation. Buying into these frequently held misconceptions can be costly, so it's critical to be able to recognize them when they arise.

With that in mind, a comprehensive debunking of six of the most persistent myths of global entity management is outlined below.

MYTH ONE: COST CONTROL FOR GLOBAL SUBSIDIARY COMPLIANCE IS NOT POSSIBLE

While there is no doubt that global compliance costs are edging up, cost control remains achievable. Operating in an environment of reduced in-house resources, many multinational corporations are finding creative ways to cut costs, including the use of external services providers to handle global compliance tasks.

Another way to achieve cost control is by working with a single global company, rather than a patchwork group of local providers. By using a single firm, corporations can maintain cost transparency and reap the benefits of a standardized approach to the delivery of compliance-related tasks.

MYTH TWO: IT'S IMPOSSIBLE TO HAVE REAL-TIME VISIBILITY OF GLOBAL COMPLIANCE DEADLINES

In today's corporate regulatory environment, real-time compliance visibility isn't merely possible — it's essential. Given the rapidity with which local regulations and legislation often change, it's imperative that the Corporate Secretary's office has access to the most current compliance data across every relevant jurisdiction.

This raises another key question: What is the best way to ensure real-time visibility? The answer is simple — by partnering with a single global provider. This allows headquarters to easily manage corporate documents and ensures timely and accurate filings, thanks to the use of a centrally-managed system.

continued on page 2

111 Eighth Avenue | New York, NY 10011 | 844-318-1457 | www.ctcorporation.com

556/0516

MYTH THREE: U.S. FILINGS ARE THE EASIEST IN THE WORLD

Meeting U.S. compliance requirements may be trickier than it first appears. The U.S. ranks just 56th out of 95 jurisdictions in the TMF Global Benchmark Complexity Index, an annual ranking of compliance complexity. The slightly below-average ranking is largely due to one factor: There are 50 U.S. states, which may mean working with 50 jurisdictions. Leveraging a single global provider, along with the use of a centralized entity data management platform, can ensure efficient handling of business compliance activities so that your entities remain in good standing.

MYTH FOUR: A CENTRALIZED SOFTWARE SOLUTION IS A ONE-STOP SOLUTION FOR COMPLIANCE HEADACHES

There is no doubt that deploying and maintaining a centralized and easily accessible software solution for corporate records is important. It enables real-time visibility to key entity management data. Yet to benefit from a powerful database, it's critical to keep data accurate and up to date. Without an expert team tracking changes to entity and subsidiary details and staying on top of legislative changes and filing deadlines, data won't stay current.

MYTH FIVE: ANNUAL COSTS RISE WHEN A SINGLE GLOBAL PROFESSIONAL FIRM UNDERTAKES COMPLIANCE TASKS

Multinational firms routinely engage local attorneys for help with local filings (both direct and via a subsidiary). This piecemeal approach makes it quite difficult to accurately pin down the true cost of all compliance activity in a given jurisdiction.

Additionally, when multinational firms operate in a variety of different jurisdictions, they often deal with multiple service providers — each with a different range of services and a distinct invoicing schedule. Employing a single provider delivers economies of scale and a uniform approach to invoicing procedures and pricing. This can reduce annual spending by 25 to 30 percent.

MYTH SIX: THE CORPORATE SECRETARY'S OFFICE IS A "BACK OFFICE" ACTIVITY

The role of today's Corporate Secretary has never been so prominent. It's a position that requires deep institutional knowledge of a company, its business, the needs of its stakeholders and the jurisdictions where the company operates. To understand the enormous value of good governance, one need look no further than some of history's most notorious corporate collapses. Good governance is absolutely essential to building corporate confidence and maintaining stability. Without it, corporations would struggle to survive. A Corporate Secretary's office cannot be bogged down with administrative functions.

> **"In the world of compliance, however, laboring under myths can lead to actions that have particularly negative consequences."**

The modern Corporate Secretary serves as a gatekeeper to accurate and reliable global corporate data, while offering a valuable voice and key knowledge to the organization. It's important to realize that delivering value-added services is instrumental in allowing the Corporate Secretary to have a clear voice.

By sharing compliance burdens with an external services provider, the Corporate Secretary's office is then freed up to deliver value-added services: offering informed, critical insights that can help guide board decisions and, ultimately, positively influence overall corporate strategy.

THE TAKEAWAY

Operating under faulty assumptions or misconceptions is problematic in just about every sphere of business. In the world of compliance, however, laboring under myths can lead to actions that have particularly negative consequences. By following the information outlined above, organizations can minimize those risks, while making their compliance activities vastly more efficient and effective.

LEARN MORE

To learn more about how CT can help you better manage your global compliance needs, contact a CT representative at 844-318-1457 (toll-free U.S.).

Join the conversation. Follow us on Twitter, LinkedIn, Google+ and Facebook.

111 Eighth Avenue | New York, NY 10011 | 844-318-1457 | www.ctcorporation.com

556/0516

