

# Payment for Research: The Calm Before the Storm

September 10, 2015

## Executive Summary:

Institutional investors in European equities continue to allocate the bulk of their commission spend for research/advisory services.

Should regulatory changes drive down these expenditures, even a modest reduction likely will have a substantial impact on the availability of research.

While greater rigor in valuing research and increased transparency to investment managers' clients on how research costs are borne by their funds are overall positives, in the end the question is, "At what cost?"

Current proposals appear set to impose dramatically higher administrative burdens on all involved, to raise the effective cost of research for investment managers, and ultimately to drive down the availability of research products and service.

## Methodology:

*Between March and May 2015, Greenwich Associates interviewed 200 European equity portfolio managers and 185 European equity traders regarding their overall commission expenditures, allocations for research/advisory services (encompassing research product, analyst service, sales service, and corporate access), use of execution services, and relationships with sell-side brokers.*

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