



To comply with regulations, MNEs need to meet the arm's length principle.

The arm's length principle says that the price charged for a transaction between two related parties must be equal to what it would have been between two independent, unrelated parties.



Functions companies perform

- D evelopment
- E nhancement
- M aintenance
- P rotection
- E xploitation

All members of the MNE group should receive appropriate compensation for any functions they perform related to the development, enhancement, maintenance, protection or exploitation of intangibles.