

MEMO# 30153

August 19, 2016

Evolution of the Financial Intermediary Controls and Compliance Assessment White Paper

[30153]

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TO: BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 26-16
BROKER/DEALER ADVISORY COMMITTEE No. 28-16
OPERATIONS COMMITTEE No. 20-16
SMALL FUNDS COMMITTEE No. 23-16
TRANSFER AGENT ADVISORY COMMITTEE No. 36-16 RE: EVOLUTION OF THE FINANCIAL INTERMEDIARY CONTROLS AND COMPLIANCE ASSESSMENT WHITE PAPER

We are pleased to announce the publication of a new white paper, The Evolution of the Financial Intermediary Controls and Compliance Assessment. As you are aware, The Financial Intermediary Controls and Compliance Assessment (FICCA) Framework [\[1\]](#) was first developed by a working group of ICI member fund complexes and representatives of the four national accounting firms in 2008 and it has been revised numerous times over the succeeding years. The FICCA framework provides an efficient method for an intermediary using omnibus registrations to provide its mutual fund partners with this standard assessment of its internal controls of those functional areas deemed most critical by the funds.

This white paper is meant to serve as a companion piece to the FICCA Framework. The paper covers the following topics:

- Background – discusses the role of intermediaries in distributing fund shares and the types of accounts structures used. It also discusses the ongoing shift to an omnibus environment and the corresponding benefits.
- Funds' Intermediary Oversight Obligations – discusses the critical nature of funds' oversight obligations related to intermediary relationships as well as the various tools available to funds to meet those responsibilities.
- Evolution of the FICCA Engagement – discusses the reasons for the development of the FICCA framework including the need for standardization and efficiency as well as the process to create and refine the structure over time.
- Adoption of FICCA – discusses the current adoption rate of FICCA by intermediaries as well as its value to the industry in part because of its flexibility and practical uses

within a Fund's oversight program regardless of whether a FICCA engagement has been performed or not.

- Future of FICCA – discusses the future of FICCA and the intention to keep it current based on regulatory and industry trends.

Questions or comments on the white paper may be directed to Joanne Kane at the ICI (joanne.kane@ici.org, 202-326-5850). We hope you find this paper beneficial as you discuss the FICCA framework with your internal colleagues, fund management and board of directors.

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Chief Industry Operations Officer

[Attachment](#)

endnotes

[1] The most recent FICCA Framework is available on the ICI website at https://www.ici.org/pdf/ppr_15_ficca.pdf

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