

**MEMO# 21237**

June 13, 2007

## **Comments Requested on RMAC Working Group's Draft White Paper on Chief Risk Officers Within the Mutual Fund Industry**

[21237]

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TO: RISK MANAGEMENT ADVISORY COMMITTEE No. 1-07 RE: COMMENTS REQUESTED ON RMAC WORKING GROUP'S DRAFT WHITE PAPER ON CHIEF RISK OFFICERS WITHIN THE MUTUAL FUND INDUSTRY

As you will recall, last year the Risk Management Advisory Committee decided to undertake as its first project a survey of how mutual fund organizations with a Chief Risk Officer (CRO) have integrated that position with other positions that have discrete risk responsibilities (e.g., the internal auditor (IA), chief compliance officer (CCO), and chief legal officer (CLO)). Consistent with this undertaking, the RMAC developed a project working group headed by Terry Watson. The working group developed an extensive survey that sought to elicit information from RMAC members participating in this project relating to the role, responsibilities, and characteristics of CROs in mutual fund organizations. The survey was conducted largely through phone interviews with participants, with each interview lasting approximately one hour. The attached draft reports the results of the survey.

Interestingly, while the project working group originally set out to define the role of the CRO vis-à-vis the roles of the IA, CCO, and CLO, the results from the survey provided more robust information about CROs and their roles within mutual fund organizations. The attached draft therefore presents a more full picture of CROs, including their backgrounds, experiences, roles, and responsibilities, without focusing solely on the integration of their role with the IA, CCO, and CLO. The working group believes this expansion of the original project makes the results more valuable to the RMAC, ICI members, and others.

*The working group is seeking comments from the full RMAC on the draft paper. Comments should be provided to the undersigned by email ([tamara@ici.org](mailto:tamara@ici.org)) no later than Friday, June*

*22nd. Comments should be in the form of recommended edits to the paper, rather than conceptual thoughts. If there are issues concerning the paper you would like to discuss, contact the undersigned by email or phone (202-326-5825).*

The attached draft includes references to where graphics will be inserted in the final draft to illustrate various survey results. The Institute's graphics designers will prepare and insert these graphics into the paper prior to its publication. Detailed descriptions of these graphics are included at the end of the draft. In addition, we intend to include a "fan" graphic where noted in the draft to correspond to the paper's discussion of the Role and Responsibilities of the CRO. The contents of this "fan" can also be found at the end of the paper.

## **Next Steps**

After the working group reviews and considers the comments received from the RMAC, the paper will be shared with the Institute's Committees that represent the interests of IAs, CCOs, and CLOs (i.e., the Internal Auditor Advisory Committee, CCO Committee, and SEC Rules Committee). After these Committees vet the draft, the working group will finalize and publish the paper, hopefully by the end of July.

Upon publication of this paper, we plan to hold a conference call with the full RMAC to determine the RMAC's next project and determine a date for the next Committee meeting.

Thank you in advance for your assistance with this project!

Tamara K. Salmon  
Senior Associate Counsel

[Attachment](#)

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