

MEMO# 28946

April 30, 2015

DTCC Mutual Fund Profile Security Issue Database Increases Data Integrity

[28946]

April 30, 2015

TO: OPERATIONS MEMBERS No. 17-15
OPERATIONS COMMITTEE No. 8-15
BROKER/DEALER ADVISORY COMMITTEE No. 17-15
BANK, TRUST AND RETIREMENT ADVISORY COMMITTEE No. 13-15
TRANSFER AGENT ADVISORY COMMITTEE No. 19-15
SMALL FUNDS COMMITTEE No. 5-15 RE: DTCC MUTUAL FUND PROFILE SECURITY ISSUE
DATABASE INCREASES DATA INTEGRITY

In March, 2015, the Depository Trust and Clearing Corporation (DTCC) announced the introduction of the Scorecard Report (the “Scorecard”) [\[1\]](#) for the Mutual Fund Profile Security Issue database (“Profile”). [\[2\]](#) The Scorecard, and the Profile Comparison Tool (the “Comparison Tool”) on which it is based, are the latest in a series of enhancements to improve operational efficiencies for funds adding and maintaining information within Profile, while providing an objective measure of Profile data integrity for intermediaries.

Profile Comparison Tool and the Scorecard

The Comparison Tool, introduced in 2013, streamlines data entry for funds by enabling the fund company’s SEC EDGAR regulatory filings (prospectuses and statements of additional information) to be automatically copied into Profile, for review and release by the fund. The Comparison Tool also provides functionality that allows fund companies to monitor the consistency of their Profile security data points with data contained in their regulatory filing updates. [\[3\]](#)

Building on the Comparison Tool, the Scorecard provides a daily score for each fund participant for the Profile data points compared to regulatory filings. The score is reduced by unresolved variances between regulatory filing and Profile data. Fund participants resolve variances by applying the regulatory filing data to Profile or annotating the variance within Profile to explain differences. An aggregate industry average score is also provided. Both fund and intermediary participants use Scorecard results to affirm the ongoing reliability of Profile data. Recent DTCC statistics indicate the industry Scorecard is 99.7% while virtually all Profile fund participants have a 100% Scorecard rating. [\[4\]](#)

Profile's History of Addressing Operational Needs

Since the 2003 recommendation of the joint NASD/Industry Task Force on Sales Charge Breakpoints [5] (the "Taskforce") to expand Profile to include breakpoint aggregation terms and rules for use by intermediary firms, the funds industry has been committed to developing Profile as a central repository for fund prospectus and processing rules. An ICI-led industry initiative in collaboration with DTCC completed the expansion, conversion and update of the Profile database in early 2005. Soon thereafter, the Institute's Profile steering committee [6] partnered with DTCC to update Profile's technology and expand available data points. The redesigned Profile database was released in 2007 with a fully annotated data dictionary vetted by the steering committee. [7] A subsequent Profile upgrade in 2011 improved the user interface and optimized database performance for funds and intermediaries.

Currently, 159 fund participants provide Profile data to 125 distributors for over 3 million data points on more than 23,000 individual Security Issue IDs. [8] A recently-formed Profile user group, comprised of fund and intermediary subject matter experts is tasked with reviewing the usability and operational efficiency of Profile data entry, extraction, and exception reporting.

The Industry's Continuing Commitment to Profile

ICI and its member committees, as well as the Profile steering committee and user group, will continue efforts to enhance the data quality of Profile, especially for data that are not included in EDGAR regulatory filing updates. We appreciate the ongoing efforts of current fund participants to maintain accurate Profile information, especially for data points that cannot be compared to regulatory filings.

We strongly encourage fund members not participating in Profile, but offering Security Issue IDs distributed by intermediaries and processed through DTCC, to begin populating Profile data to comply with the Taskforce recommendations. To join the Profile service, funds are encouraged to contact their DTCC Relationship Manager or the Membership and Relationship Management Team.

Fund complexes believe expanded use of Profile is critical for accurate mutual fund operations processing and prospectus compliance. To this end, ICI will continue to work with intermediaries and other parties to encourage further adoption and integration of Profile as a primary source for operational processing. ICI recommends that fund members discuss with intermediary partners their plans to use Profile to automate the data entry to and maintenance of master security files for operations and compliance purposes.

Questions regarding the Profile database may be directed to DTCC Relationship Management (212-855-8877), Rita Gribben (212-855-5677 or rgribben@dtcc.com), Josephine Torelli (212-855-5661) or the undersigned (202-326-5844 or jeff.naylor@ici.org).

Jeffrey A. Naylor
Director - Operations and Distribution

endnotes

[1] See DTCC Press Release DTCC's New Scorecard Report Supports Accurate, Timely Mutual Fund Data for Distributors, dated March 2, 2015.

<http://dtcc.com/news/2015/march/02/new-scorecard.aspx>

[2] Profile, offered through National Securities Clearing Corporation, a DTCC subsidiary, is a central data source of fund prospectus and operational rules used by intermediaries such as broker/dealers, bank/trust companies, and retirement recordkeepers to facilitate mutual fund processing. See DTCC website for a complete description of Profile:

<http://dtcc.com/investment-product-services/wealth-management-services/mutual-fund-profile-service-ii.aspx>

[3] Approximately 72% of 222 distinct data points contained in Profile are compared and validated.

[4] DTCC statistics provided March 25, 2015. Individual and aggregate industry Scorecard values are recalculated daily.

[5] See Report of the Joint NASD/Industry Task Force on Breakpoints, NASD (July 2003) (the "Report"), available on the FINRA website at:

<http://www.finra.org/web/groups/industry/@ip/@issues/@bp/documents/industry/p006434.pdf>.

[6] The Profile steering committee is an ICI-led steering committee comprised of FINRA Operations (the largest consumer of Profile data for use in its Fund Analyzer tool) and select ICI members and intermediaries from the Institute's Broker/Dealer Advisory and Bank, Trust, and Retirement Advisory Committees.

[7] Over 100 fund families and approximately 15,000 mutual fund Security Issue IDs were converted into the redesigned database. See ICI Memo [21722](#), Industry Completes DTCC Mutual Fund Profile Database Conversion, dated October 3, 2007.

[8] DTCC Statistics provided March 25, 2015.