

MEMO# 3377

January 3, 1992

EXPANDED STATISTICAL COLLECTION AND DISSEMINATION PROGRAM

January 3, 1992 TO: MEMBERS - ONE PER COMPLEX NO. 1-92 RE: EXPANDED STATISTICAL
COLLECTION AND DISSEMINATION PROGRAM

I. Background The growth and diversity of the mutual fund industry, as well as the increase in public, media and governmental interest in funds, has created an explosion in the requirements for data about the industry and individual funds. This information is required by fund management companies, various service providers to the mutual fund industry, others in the financial marketplace, regulatory bodies, the media, and the public. This explosion of interest in mutual fund data has led to several problems: (1) mutual fund companies are almost overwhelmed by requests for data, most of which is already publicly available; (2) much of the information that has been compiled on individual funds is not readily available in an electronic format; (3) the cost of accessing the data that is available has often been high, and in some cases fund groups have had to pay for data they supplied to third-party data collectors in the first place; and (4) some fund groups are concerned about the accuracy of data being used by others to calculate their investment performance. In addition, the Institute has had to rely on outside sources for basic mutual fund performance information. Such information is needed to support regulatory, legislative and public information objectives. @ 1 @ In its capacity as a primary repository of data about the industry, excluding investment performance information, the Institute has been aware of the growing needs for a modern data collection and dissemination system for its members and other data consumers. As a result, the Investment Company Institute has undertaken a project to become a centralized collector and disseminator of industry data. The implementation of this project will facilitate reaching several objectives endorsed by the Institute's Board of Governors: 1. ICI members will be given various means to respond to the many requests for data from numerous data analysts and collectors. Members will be able to refer third-party data collectors directly to the Institute's data subscription service to fulfill such requests or use the universal data collection forms developed by the Institute to respond to requests by such collectors. 2. ICI Members and third-party providers of services to the mutual fund industry will be guaranteed access to the data they need at a reasonable cost. This will allow such service providers to perform a variety of analytical and informational functions. 3. The Institute will be able to satisfy its own needs for a comprehensive investment company database to help it respond to regulatory, tax and legislative demands on a timely basis. II. Collection of new data As part of its expanded data collection and dissemination program, in early 1992 the Institute will begin collecting two new series of data -- primary investment performance information and portfolio asset composition data. With the addition of these data series the Institute will have an essentially complete database of all

material publicly available information for virtually all open-end investment companies and for most closed- end funds. The following is a description of the two new questionnaires which will be used to collect the new data series. PERFORMANCE QUESTIONNAIRE. Beginning in early 1992, the Institute will commence daily collection of NAVs and income distribution detail. The primary means of collecting this information will be electronic capture of data from the daily NASDAQ feed. Those funds that for whatever reason do not supply this information to NASDAQ will be contacted daily by phone by the Institute in order to make this part of the database as comprehensive as possible. @ 2 @ As part of this effort, a new universal monthly performance questionnaire (See Attachment 1) will be sent to all complexes. It is designed to encompass the universe of performance data currently requested of each fund by all of the third-party data collectors. The data will be used to verify/supplement data collected directly and from the daily NASDAQ mutual fund electronic feed and by telephone. Although the universal questionnaire will contain some information that funds already provide in the NASDAQ feed, it is crucial that ICI obtain data directly from the funds in order to check for errors and to ensure the integrity of ICI data. Initially, ICI will also receive comparative data from an independent data collector, as a further step to ensure completeness and accuracy of the ICI database. The performance related information collected by the Institute, along with relevant historical data, will be made available to members by subscription. This service will also be made available to subscribers outside the membership after June 1, 1992. QUARTERLY QUESTIONNAIRE. (See Attachment 2) The new quarterly questionnaire has been developed to replace the existing Annual Questionnaire. It is designed to collect detailed asset composition, yield, dividend and shareholder account data. The availability of this information to members on a fund-by-fund and asset-class by asset-class basis is discussed below. Only aggregate information will be released publicly. RULES FOR ACCESS TO DATA The guiding assumption for the data collected by the Institute is that all of the individual fund data, except the sales and redemption data and expense information, may be released to the membership and eventually to subscribers on an individual fund basis. This information is made public in either prospectuses or reports to shareholders. There are two important exceptions to this assumption: 1. Fund groups which prefer not to have their individual fund data included in its subscription service for non-members may notify the Institute in writing and none of their data, other than performance-related data, will be disseminated outside the Institute's membership. This applies on a complex-wide basis; either all data for all funds in a member group may be disseminated, or none of it will be made available to third-party subscribers. The Institute strongly prefers to be able to disseminate all data but recognizes some groups may have special considerations which are overriding. @ 3 @ 2. As a general principle, portfolio composition information collected by the Institute will be made available within the membership on an individual fund basis at the Level III of detail (as explained below). Some members may have reservations regarding dissemination of portfolio composition detail even among members. To accommodate members' various preference in this regard and at the same time encouraging universal reporting, the Quarterly Questionnaire was designed with several levels of aggregation in mind. Level I, designated by capital letters (i.e., A-Equities, B-Debt, etc.), is of such level of generality that dissemination of these aggregates on an individual fund basis should pose no problem to any member group. Level II is designated by arabic numbers (i.e., 1-Common Stock, 2-Preferred Stock, or 1-U.S. Government Securities and agency issuer, etc.). Level III is designated by lower-case letters (i.e., a)-U.S. securities, b)- Foreign securities, etc.). Members may request in writing to the Institute that all information at a particular level of aggregation for all funds in the group not be disseminated. For example, a fund group may not object to have data on holdings of common stock (Level II) on a fund-by-fund basis made available to other members but may be unwilling to disseminate the data reflecting the split as between U.S. and foreign

equities (Level III). In this case, the group would have an option to ask the Institute not to disseminate the Level III data on its funds. By the same token, this group will forfeit the right to have access to Level III data supplied by other groups. Such a request, made 30 days prior to the data release date, will remain in effect at least one year. It may be revoked by another written notification. Individual fund portfolio composition information at any level of detail will not be released outside the membership. This information may, however, be released externally only when aggregated across funds. ACTION REQUESTED

1. Members are requested to review the new questionnaires attached and establish their internal procedure to respond when the first collection cycle begins in January 1992.
2. Complete the attached form (Attachment 3) to advise the Institute to whom the two new questionnaires should be mailed. (The Institute will begin collecting this information by mail but will add these questionnaires to the new FUNDS system when it is released in the spring of 1992.)
3. Advise the Institute by letter if your group chooses to impose restrictions on dissemination of some of its data, as described above. Questions regarding the questionnaires should be addressed to Anne Schafer (202) 955-3565 or Natalia Parmly (202) 955-3595. Questions relating to dissemination policy may be directed to Jacob Dreyer (202) 955-3560 or me (202) 955-3503.

C. Richard Pogue Executive Vice President
Attachments cc: Industry Statistics Committee Research Committee Statistical Contact Persons

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