

MEMO# 9765

March 17, 1998

CAPACITY PLANNING PAPER

[9765] March 17, 1998 TO: ACCOUNTING/TREASURERS COMMITTEE No. 15-98 OPERATIONS COMMITTEE No. 17-98 SEC RULES COMMITTEE No. 25-98 TRANSFER AGENT ADVISORY COMMITTEE No. 18-98 RE: CAPACITY PLANNING PAPER

Enclosed for your review is a draft copy of a paper on capacity planning practices in the mutual fund industry. It was developed from information gathered last year in visits to selected member firms and service providers and from additional input from other interested parties. The objectives of the paper are to review the importance of capacity planning, to provide practical information about capacity planning processes and techniques in the mutual fund industry, and to broaden views about ways to effectively plan for and manage unexpected changes in transaction and service volumes. The paper is not intended to serve as a "best practices" compendium, nor is it intended to be prescriptive in nature, as we have observed that there is no single capacity planning model appropriate for, or applicable to, all fund complexes. How fund groups plan for and manage peak volumes is influenced by many factors, including the number and types of funds it sponsors, the amount of assets under management, its distribution methods, the nature of its shareholder base, and the extent of reliance on third parties for operational infrastructure, to name a few. We would like the final version of the paper to strike a balance of content and tone that makes it informative and meaningful to senior management and also useful to industry professionals having more familiarity with and direct responsibility for capacity management. We would appreciate your reviewing the paper and, if you have any comments, to provide them to either Linda Brenner (tel # 202-326-5883, fax # 202-326-5853, email -- brenner@ici.org) or the undersigned (tel # 202-326-5845, fax # 202-326-8314, email -- boteler@ici.org) by April 24, 1998. Thank you for your prompt attention and cooperation. Donald J. Boteler Vice President Operations & Training