

FOCUS ON FUNDS

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Focus on Funds: Fund Directors and CCOs Work Together to Benefit Shareholders

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Independent directors and chief compliance officers (CCOs) form an important team on behalf of fund shareholders. In the May 26, 2017, edition of *Focus on Funds*, veteran independent director Kathie Barr describes the evolving relationship between boards and CCOs.

Transcript

Stephanie Ortballs-Tibbs, media relations director, ICI: The relationship between a fund board and a chief compliance officer [CCO] is a critical one and recently, at ICI's General Membership Meeting, a panel discussed just how this dynamic should work. Afterwards, I got some key takeaways on the past, present, and future of this interaction between CCOs and the board, and here's what I learned.

Kathie Barr: So, our panel discussed the relationship between the CCO and the board as it has evolved over time, because this role came into effect in 2004. And at the end of the day, there's an enormous amount of responsibility that is placed on both the CCO and the board, and some of those duties need to be delegated to other individuals within the business line, because business does own compliance. And so at the end of the day, the board needs to receive this information. And whether it comes from the CCO—we're not expecting the CCO necessarily to be performing all of these; they may need to delegate it to other areas. So, we talked a great deal about this delegation.

Ortballs-Tibbs: Kathie, you did talk a lot about this interplay between the board and the CCO, and how that works best.

Barr: Well, since the CCO really is the eyes and the ears for the board, the interaction takes place both at the board meetings—on a quarterly basis and an annual basis—but there's a lot of conversation that also goes on between meetings. So whether the CCO has a specific director that they talk to, whether there's a lead to the committee, the communication needs to be ongoing and it needs to be dynamic. And part of that communication, during

the board meeting, really gets down to education. So while the CCO may come in and discuss a new topic in depth, the board really has a responsibility—each member—to educate themselves even further on these specific areas and topics.

Ortbals-Tibbs: And so one of the other things that you emphasized is the importance of education and engagement on behalf of the fund director.

Barr: So, it's not only attending conferences, but again, you're right, it's about being able to go and find the material and dig deeper into it, and get a better understanding, because this is a complex business and it takes a lot of energy and time to finally understand it. Our responsibility is oversight for the shareholders, and so it's critical that we understand the responsibilities that we've accepted.

Additional Resources

- [Register Now: New Orientation Program for Fund Directors](#)
- [Independent Directors Council \(IDC\)](#)

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