

## ICI VIEWPOINTS

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## Solving for Data Transparency in the Retirement World

By John Randall

*First in a series of ICI Viewpoints posts focusing on how to enhance operational efficiency using existing tools and practices.*

One of the most important functions performed by ICI involves its role in bringing together members, who participate in a wide array of standing and advisory committees that focus on initiatives affecting the fund industry as well as the broader financial markets. This series will focus on the work of the operations and distribution advisory committees, which bring together operations professionals from funds, banks, trust companies, retirement providers, broker-dealers, service providers, and the Depository Trust & Clearing Corporation (DTCC).

A primary focus of the committees' work is to provide a forum to identify improvements to distribution, operational processing, servicing, and support of fund products, enabling all parties to better serve the needs of the industry—and, of course, its shareholders. Over the years, this collective effort has filled the industry's "toolbox" with useful tools, in the form of DTCC services as well as collateral material on how best to use them.

### A Shift to Super Omnibus

Many operational tasks must be performed on behalf of fund shareholders, and though some fund complexes handle these functions internally, most contract with a number of third parties that specialize in providing particular services.

Historically, companies operating in the retirement marketplace held mutual funds in plan-level aggregated accounts (known as omnibus accounts) that were serviced by the fund's transfer agent. Under this arrangement, required operational functions—such as dividends, statements, tax forms, and proxies—are covered by the internal processes of the fund's transfer agent. When plan-level data need to be shared outside the transfer agent, the task is straightforward because each plan is uniquely identified by its account number at the transfer agent (one retirement plan of one company invested in a fund equals one account in that fund). Recently, the most prominent trend involving intermediaries serving the retirement marketplace is the shift from plan-level accounts to "super omnibus" accounts. A super omnibus account on the books of the fund's transfer agent represents many retirement plans—in some cases, hundreds or thousands of plans. The main drivers behind this shift have been increased efficiency in processing, and lower costs for funds and intermediary partners.

At the same time, there has been a shift toward an "open architecture" business model, where multiple, independent players—including asset managers, banks, clearing firms, advisers, brokers, recordkeepers, plan administrators, insurance companies, and others—together provide services to retirement plans.

The migration to super omnibus accounts and the increasingly complex and interdependent retirement marketplace has led to a demand for more transparency, because robust reporting can help the firms involved provide services more effectively. Regulation, supervision, and governance requirements also have created a need to easily generate reports on underlying plan information. However, this can be challenging in the super omnibus structure, because the simple unique identifier is no longer directly available on the transfer agency systems.

To help both recordkeepers and intermediaries with these issues, ICI committees began working with DTCC to create the Retirement Plan Reporting (RPR) solution, leading to the launch of RPR Phase I in March 2013. Over the last four years, use of the solution has increased, as the retirement marketplace has sought to fill an ever-increasing need for underlying plan data. The RPR solution solves

plan-level data sharing needs without being dependent on the transfer agent's records. Instead, the solution is based on the records of service providers (such as a plan recordkeepers or administrators).

RPR contains two main plan-level data sets: plan information and plan investments. The grid below provides some examples of the data points available. A complete listing of data points and detailed information on file layouts are [available on the DTCC website](#) or by calling DTCC's Wealth Management Services group at 212-855-8877.

Plan Information	Plan Investments
Plan ID number	Security Issue ID
Plan tax ID	Product investment type
Department of Labor (DOL) plan code	Fund account for the plan
Executing broker (agent for firm)	Qualified default investment alternative (QDIA)
Plan fiduciary name	Number of participants by Security Issue ID
Recordkeeper name	Shares outstanding in Security Issue ID
Plan type	Month-end assets for Security Issue ID
Overall plan assets	Average daily assets for Security Issue ID

## What Does It Solve?

Many retirement platform and clearing intermediaries have begun to offer this solution as a service on behalf of the adviser and plan clients for whom they provide custody and clearing. RPR's reporting provides the required data for [5500 Schedule C](#), [408\(b\)\(2\)](#), and [404\(a\)\(5\)](#) compliance, as well as general supervision and other reporting needs, and passes retirement-specific information to DTCC clients using the National Securities Clearing Corporation (NSCC) Networking service.

Because the NSCC Networking service participant's identifier is required as part of the records, DTCC can route RPR data to any networking participant as needed. For example, if an intermediary trust and custody platform supports RPR, adding plans serviced by an advisory firm that also supports RPR enables the advisory firm to automatically receive standard files to perform oversight or disclosure requirements. This eliminates the need for both the platform and the adviser to build, or program to, a custom data exchange.

The service also reduces or eliminates manual reporting and should virtually eliminate the need to build or support additional custom point-to-point data exchanges in the retirement space. Standardization of these files and format—delivered through a central, trusted central utility—leads to much greater efficiency for all market participants.

## What Does the Future Hold?

In October 2016, the RPR working group sponsored by DTCC and ICI completed initial work to leverage the basic RPR format for a trust, broker, or clearing platform to provide additional critical data to funds about the underlying plan clients. Because most funds participate in the NSCC Networking service, the platform need only program data that it is sharing once to be able to provide it to most fund families. As work progresses on this initiative, known as RPR Phase II, additional capabilities will be available to participants operating in the retirement marketplace.

The next post in this series will focus on Mutual Fund Profile.

## Other Posts in This Series

- [Solving for Transparency in the Retirement World](#)
- [Inside SID: It's All About the Rules](#)
- [Practical Use of RPR: Solving Oversight Issues in the Retirement Market](#)

## Find Out More

- [DTCC page on Retirement Plan Reporting](#)

- DTCC Wealth Management 212-855-8877
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