

Focus on Funds: SEC Data Reporting Rules Bring New Demands

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The US Securities and Exchange Commission's new data reporting rules will require extensive, coordinated compliance efforts by the fund industry—and there are still unanswered questions about data security and use. In the February 3, 2017, edition of *Focus on Funds*, ICI General Counsel David Blass outlines how firms can begin to prepare.

Transcript

Stephanie Ortvals-Tibbs, ICI Director, Media Relations: The US Securities and Exchange Commission is rolling out significant new data reporting requirements for the fund industry. And while the effective date is two years away, ICI General Counsel David Blass says it's time to start getting ready right now. I spoke with him recently and got some insight.

David Blass, ICI General Counsel: It's going to be a really heavy lift. Most of that rule goes into effect in 2018, but it is such a far-reaching rule that we're going to need every single day available to us to get ready for compliance. One thing we talked about today was the need to start acting today, getting organized today—if you're a fund complex—for implementation, because the compliance dates are going to be on us before we even realize it.

Ortvals-Tibbs: So David, which teams within a fund complex will be the most affected as this work begins?

Blass: That's a great question, because the rule really touches many, many different areas within the fund complexes. Within ICI, our operations group is really leading the charge to help funds get ready for compliance. But for a fund complex/fund manager, they're going to need to pull from many, many areas within the organization: legal, compliance, accounting, throughout the organization, risk management.

So, really, fund complexes/fund managers need to be thinking now about how to get organized for implementation, and our operations group is doing what they can with our members to get them ready.

Ortvals-Tibbs: David, there are also some remaining concerns about how the data is going to be used and stored.

Blass: Yes, there are two big remaining concerns. One, how does the SEC protect all of this data? They're going to be getting large volumes of data that is meant not to be public because it can be harmful to a fund if released. Well, how is the SEC going to protect all of the data? They don't exactly have the best track record for their cyber efforts.

The second big issue is, what is the SEC going to do with all of this data? I think fund complexes/fund managers would be well

advised to think about how they can monitor the data that they're reporting over to the SEC, so they understand what they're turning over. There's a lot of talk about the SEC identifying outlier situations, and that's an obvious use of the data, but I suspect the SEC will have many other uses for it over the next few years as this rule comes alive.

Additional Resources

- [Investment Company Reporting Modernization Resource Center](#)
- Upcoming Event: "Are You Ready for Some Fun(d Reporting)? Implementing the SEC's New Reporting Modernization Rules" at the [2017 Mutual Funds and Investment Management Conference](#)

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