

# The Ins and Outs of Mutual Fund Profile II

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The proliferation of mutual fund share classes has placed a large administrative burden on broker-dealers, RIAs and other financial intermediaries. Multiple layers of breakpoint schedules, 12b-1 rates, short term trading fees, blue-sky registration details, and other data elements need to be collected, inputted, maintained and adhered to on a 'per fund family' basis. These are critical pieces of information both from a regulatory and reconciliation standpoint. As in other instances where processes between funds and intermediaries desperately needed streamlining, NSCC stepped in and developed a solution.

The NSCC's Mutual Fund Profile Service II product ("Profile") has become the industry standard for systematic access to mutual fund prospectus and operational rules. Intermediaries such as Pershing, Charles Schwab, LPL, etc. have long relied on the Profile database for account linking rules and current breakpoint schedules in order to guarantee best pricing for client transactions. Over the years a series of upgrades and enhancements have been made based on regulatory changes and user feedback. Profile has evolved into a service that broker-dealers, trust companies and TPA's of all types find valuable for both load and no-load fund families. Critical data elements

supported by Profile include:

- Blue-Sky Registration Details
- Large Trade Notification Thresholds
- 12b-1 Fees
- Short Term Redemption Fees
- Expense Ratios
- Money Market Data
- Restricted Transactions

Profile uses a real-time tool that compares the information in the database against fund documents filed via the SEC's EDGAR system. Variances are communicated to fund representatives for research and resolution. This feature helps ensure that all stakeholders are receiving up-to-date, accurate information.

The Profile database is comprehensive. There are over 250 data points to consider depending on the type of fund. Feedback and information from the mutual fund advisor, record keepers and fund offering documents will likely be necessary in order to populate Profile. NSCC provides various resources to assist with adding and maintaining data, including a user guide, data dictionary, best practices document and instructional videos.

The NSCC and the intermediary community are each taking steps to encourage fund participation. NSCC fees for smaller fund companies (less than 25 CUSIPs) have been significantly reduced. Intermediaries are using financial incentives and, in some cases, refusing to accept updated fund information outside of Profile. With financial and technological hurdles largely removed, we feel that that the Profile adoption rate is poised to increase significantly in the coming months.

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