

Amid SEC Interest in Distribution, Fund Details Rev-Sharing

By [Whitney Curry Wimbish](#), [BoardIQ](#), March 24, 2015 [subscription required]

A [recent sticker](#) for **Deutsche Bank** funds sheds light on what the adviser pays for revenue sharing, including the range of payments usually made to distributors. Industry experts say it's uncommon for fund documents to disclose those details – the payments come from the adviser, not the fund – but it may become more common given the Securities and Exchange Commission's interest in what funds pay to distributors.

One independent director also says that even though boards don't necessarily oversee revenue sharing payments, disclosing the amount may be helpful to investors and boards alike because it helps provide a clearer picture of the total amount distributors receive to sell the funds.

"If you asked me personally, I'd say it's interesting," says Jameson Baxter, independent chair of the **Putnam Funds** board. "You begin to understand the total business relationship with the distributor a little bit better."

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The disclosure comes amid the SEC's examination into payments for distribution in guise and as the regulator has warned the industry to expect enforcement cases related to Rule 12b-1 violations – activities that have prompted independent directors to look more closely at all types of payments to distributors, Baxter says.

"I do think this whole sub-TA and this whole examination of the SEC is making people pay a little more attention to some of these arrangements that they haven't had much clarity about," she says.

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Niels Holch, a partner at **Holch & Erickson** and executive director of the Coalition of Mutual Fund Investors, says disclosures about revenue sharing payments have long been inadequate.

"Revenue sharing payments have not been adequately disclosed to fund investors because these payments are paid by the adviser directly and not from fund assets. Anything that enhances disclosure of revenue sharing is beneficial to investors," Holch says.