

# Omnibus Trend Produces New Risk Oversight Complexities

By Marc Hogan, [BoardIQ](#), April 24, 2012

An ongoing shift over the past decade as more and more mutual fund intermediaries provide shareholder subaccounting on an omnibus basis has generated new challenges for mutual fund boards, industry observers say.

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Funds pay more than \$8 billion in annual fees for shareholder servicing and recordkeeping activities performed by broker-dealers using omnibus accounting, according to the most recent estimates from the Coalition of Mutual Fund Investors, which date to August 2010. Niels Holch, executive director of the shareholder advocacy group, calls Deloitte's report "part of a growing recognition that omnibus accounting creates a number of regulatory and other risks for mutual funds." But he calls for more dramatic action to address the risks.

Holch says the only way to monitor the underlying shareholder account information fully is to request that the adviser receive it every day. "Boards should think about requiring full transparency in these broker-dealer and other intermediary accounts and just say, 'We want the adviser to get the data feed on a daily basis so they can perform their responsibilities,'" he explains. "Solving this transparency problem at the account level would really address almost all of these issues that are being raised."