

# Mutual Fund Chief Compliance Officer Compensation

**THE 2023 MPI ANNUAL SURVEY**

November 16, 2023

**M**ANAGEMENT  
PRACTICE<sup>™</sup>

# Today's Speakers



**Sara Vargo**  
*(Moderator)*

Counsel,  
Mutual Fund  
Directors  
Forum



**Jay Keeshan**

Partner,  
Management  
Practice



**Sara Yerkey**

Partner,  
Management  
Practice

# Agenda

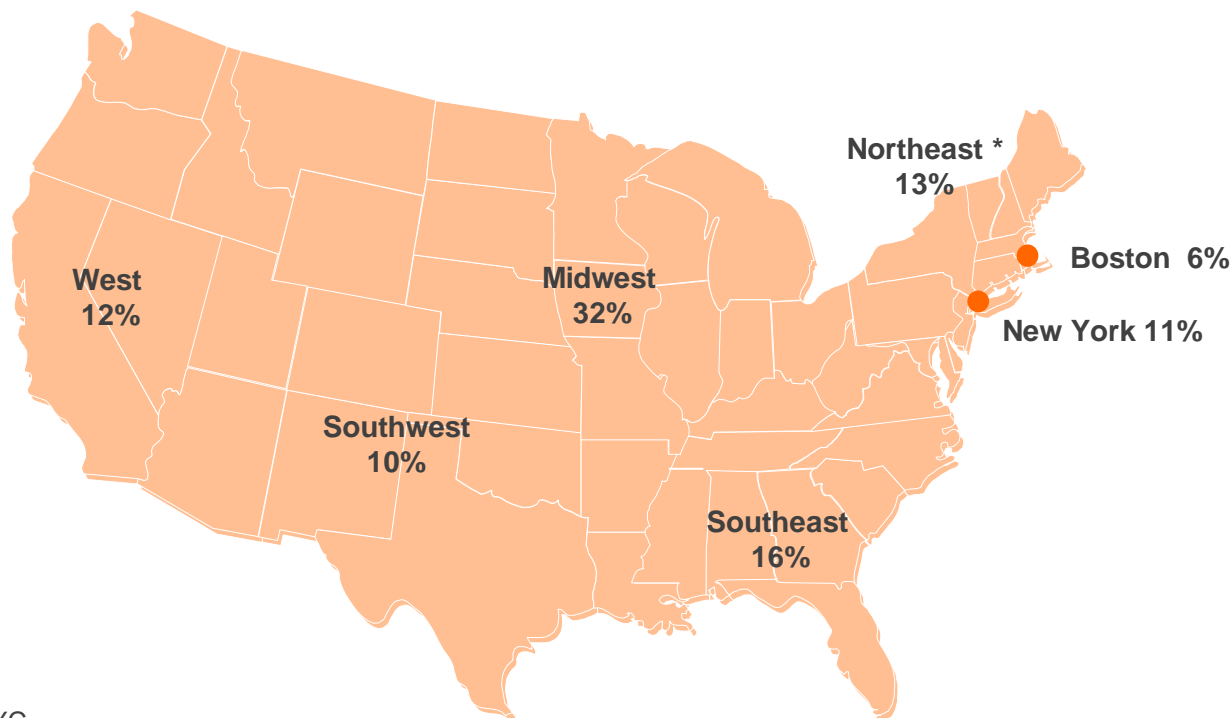
- Introduction/Survey Methodology
- Participant Details
- Executive Summary/Trends/Highlights
- CCO Compensation/Structure
- Other Benefits
- Organizational Practices

# Survey Methodology

- 18<sup>th</sup> Annual Survey - Since 2006
- Data collection in spring, delivered to participants in June
- Distributed and open to entire industry
- Full confidentiality assured
- 61 participants in 2023
- Representative sample

# Participant Details

Participating CCOs represented a total of \$4.1 trillion in fund assets under management, overseeing over 2,600 funds. All regions of the U.S. were represented in the survey.



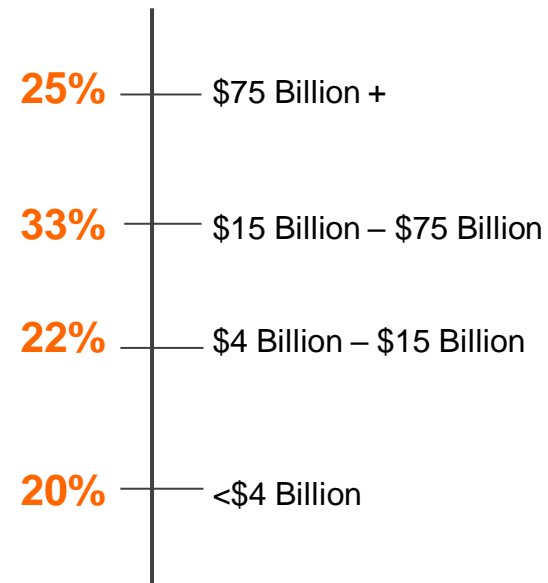
# Participant Details

100% of participants are CCOs who are employed full-time. The average age was 51. 33% of the participants were female.

## Respondents had the following qualifications:

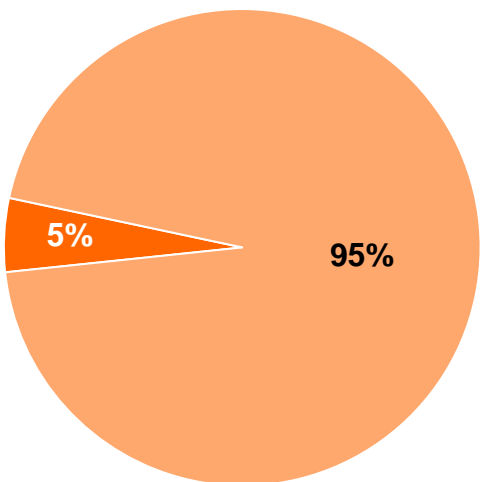
- 13%** were CPAs
- 33%** were lawyers
- 30%** have MBAs
- 38%** have some form of securities licensing; *most common were the Series 6, 7, 24, 26, 27 63 and 65*
- 20%** have SEC/other regulatory experience

## Complex assets were represented as follows:

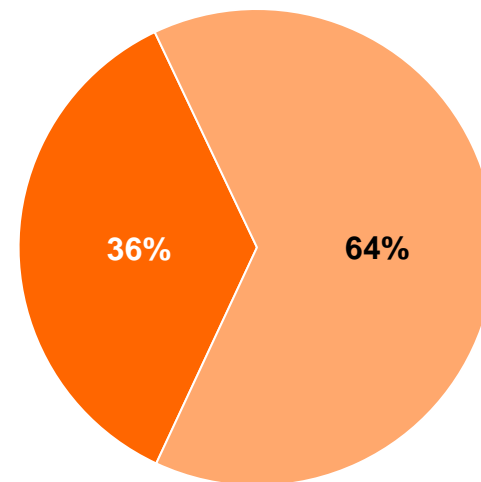


# Participant Details

Independent contractors and “fund only” CCOs were in the minority; the majority of CCOs were full-time, salaried employees and performed duties for advisors, as well as the funds. 64% serve as CCO to both the funds and the advisor.



- Independent Contractors
- Salaried Employees



- Fund Only
- Fund & Advisor

# Survey Summary/Trends

The average total compensation for this year's 61 participants was \$463,016, down 3.7% from last year's average of \$480,974. The averages in 2020, 2019, 2018, and 2017 were \$463,133, \$438,944, \$424,411, and \$431,957, respectively.

A subset of the survey participants, which includes 46 CCOs for whom data exists for two years (2021 and 2022), saw a decrease of 0.4%. Similar subsets over the past six years saw increases of 8.3%, 4.1%, 6.2%, 6.6%, 10%, and 2.5%.

The vast majority (95%) of CCOs receive a bonus as part of their total compensation. Bonuses and other compensation, such as stock options/grants and retirement contributions, represent an increasing proportion of total pay as the size of the fund complex grows. CCOs at larger complexes tend to receive a higher proportion of non-base pay. The majority of CCOs reported that their bonus is influenced by management (95%) as well as the board (60%). 83% reported that company performance is a factor.



# Total Compensation

# Range of Compensation

**The range of CCO compensation for the reporting fund families was very wide and depended on many variables.**

Geographic location, number of funds and portfolios, retail or institutional distribution, number of sub-advisers, and mix of insurance related products were among the numerous variables affecting pay levels.

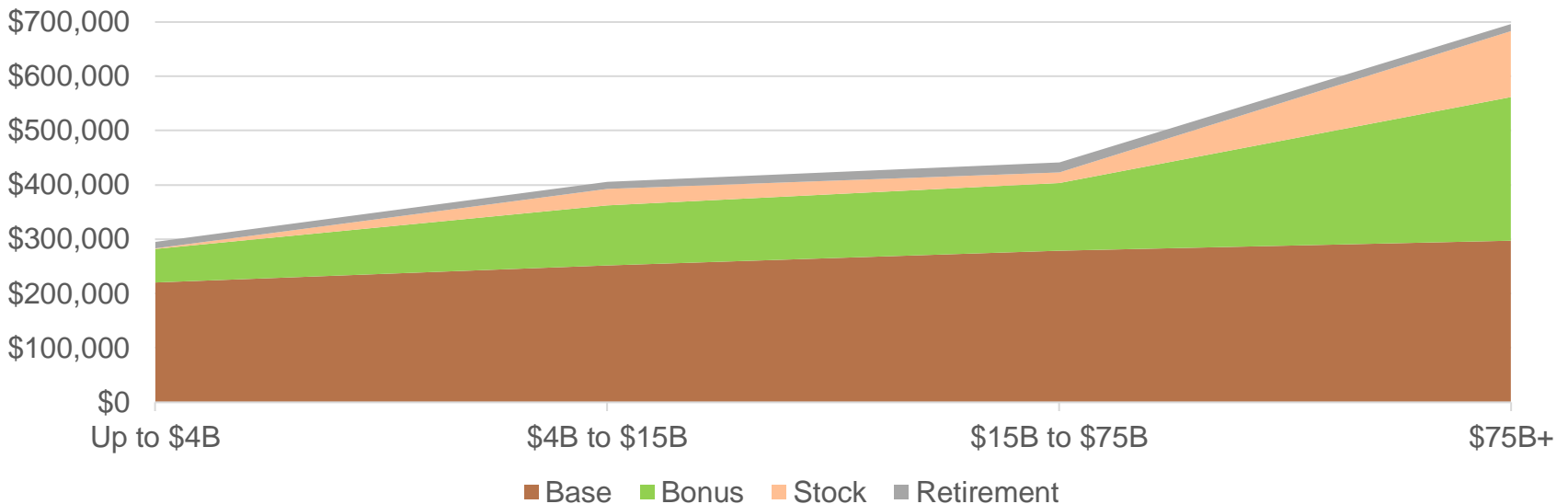
Many CCOs had been long-term employees of the management company, or had many years of experience at another fund company.

As a result, CCO compensation is often correlated with age or length of experience.

# Base, Bonus, Stock, and Retirement as Elements of Total Compensation

While base salaries are relatively stable, other forms of compensation, including bonuses, stock, and retirement benefits are a significant factor in total compensation. The proportion of non-base pay as a percentage of total pay typically grows with the size of the complex.

## Average CCO Compensation - 2022



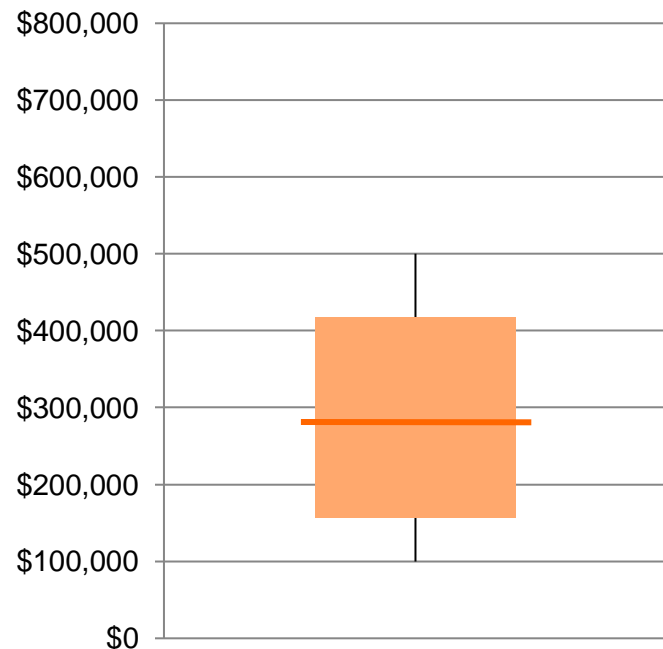
# CCO Total Compensation: Assets up to \$4 Billion

The average total compensation for this group was \$287,336 with a range of \$156,523 to \$418,149 within one standard deviation.

The full range was from roughly \$100,000 to \$500,000.

Non-base pay for this group averaged approximately 26% of total compensation.

**CCO Total Compensation  
(AUM < \$4bn)**



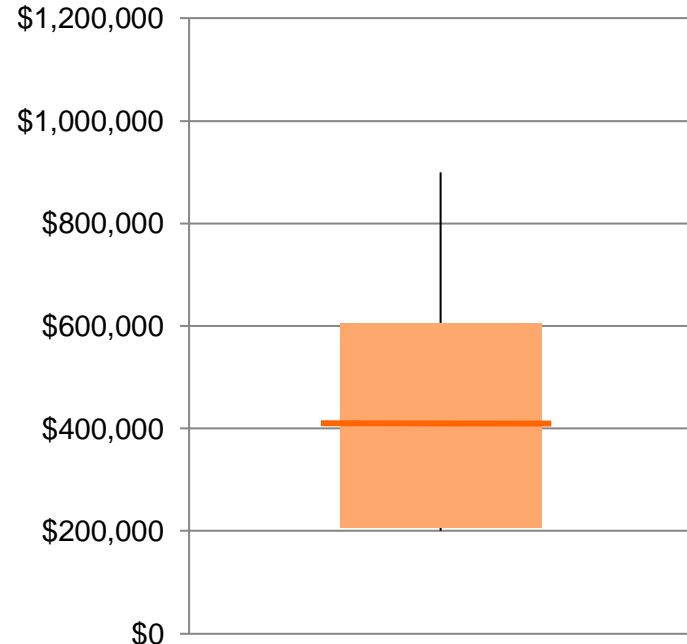
# CCO Total Compensation: Assets \$4 Billion to \$15 Billion

The average total compensation for this group was \$406,026 with a range of \$206,079 to \$605,974 within one standard deviation.

The full range was from roughly \$200,000 to \$900,000.

Non-base pay for this group averaged approximately 38% of total compensation.

**CCO Total Compensation  
(AUM \$4bn - \$15bn)**



# CCO Total Compensation: Assets \$15 Billion to \$75 Billion

The average total compensation for this group was \$440,989 with a range of \$262,378 to \$619,599 within one standard deviation.

The full range was from roughly \$250,000 to \$800,000.

Non-base pay for this group averaged approximately 40% of total compensation.

CCO Total Compensation  
(AUM \$15bn - \$75bn)



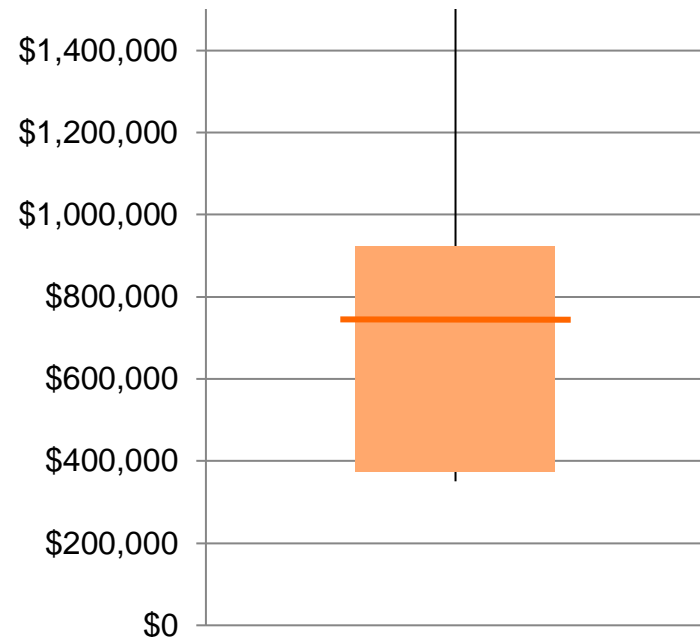
# CCO Total Compensation: Assets \$75 Billion +

The average total compensation for this group was \$695,222 with a range of \$397,407 to \$993,037 within one standard deviation.

The full range was from roughly \$375,000 to \$1,600,000.

Non-base pay for this group averaged approximately 59% of total compensation.

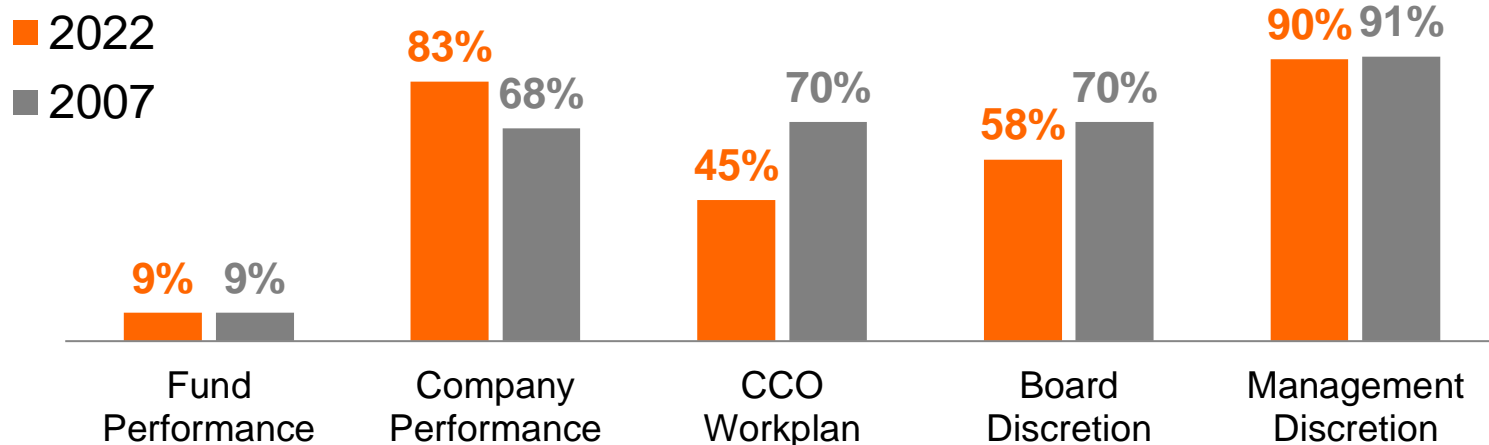
CCO Total Compensation  
(AUM > \$75bn)



# Influence on Bonus

The vast majority of full-time CCOs (95%) receive a bonus as a part of their total compensation. Management companies and increasingly fund boards each have a strong influence in setting bonuses.

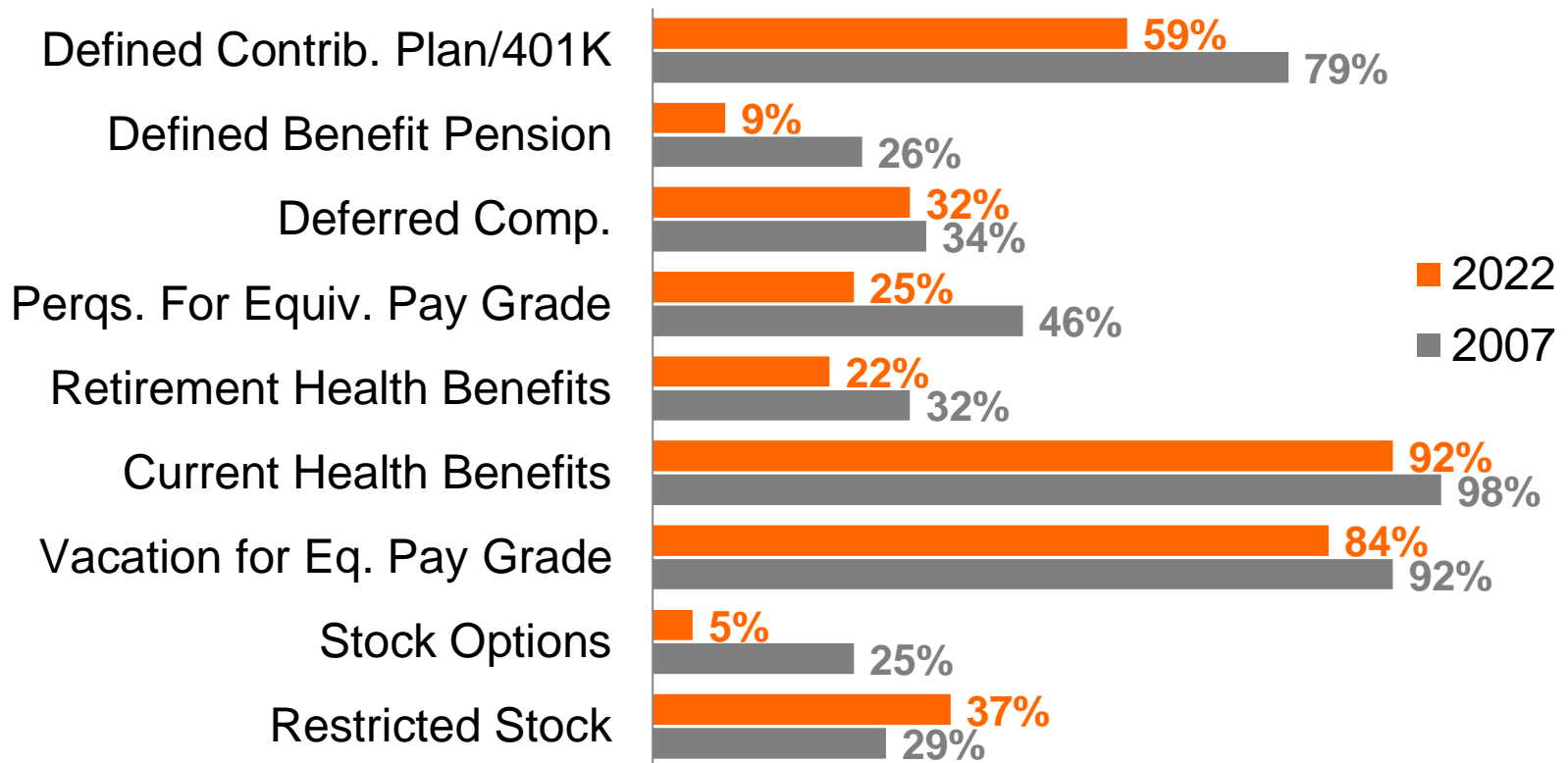
## Factors Influencing Bonus for Full-Time CCOs





# Employee Benefits

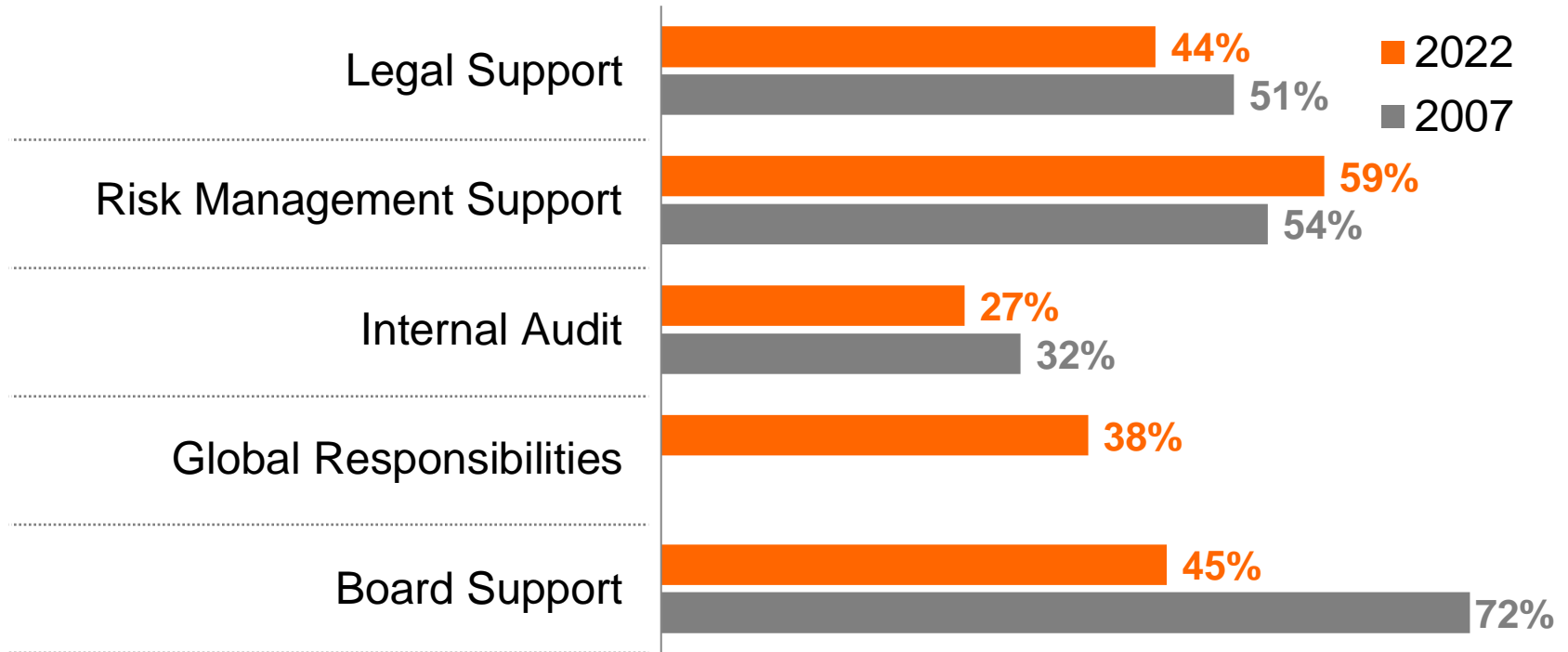
The CCO position benefits are typical for an officer of his/her salary grade (Full-time salaried employees).



# Organizational Practices

# Additional Duties

The majority of participant CCOs perform other functions for the funds, management, or both.

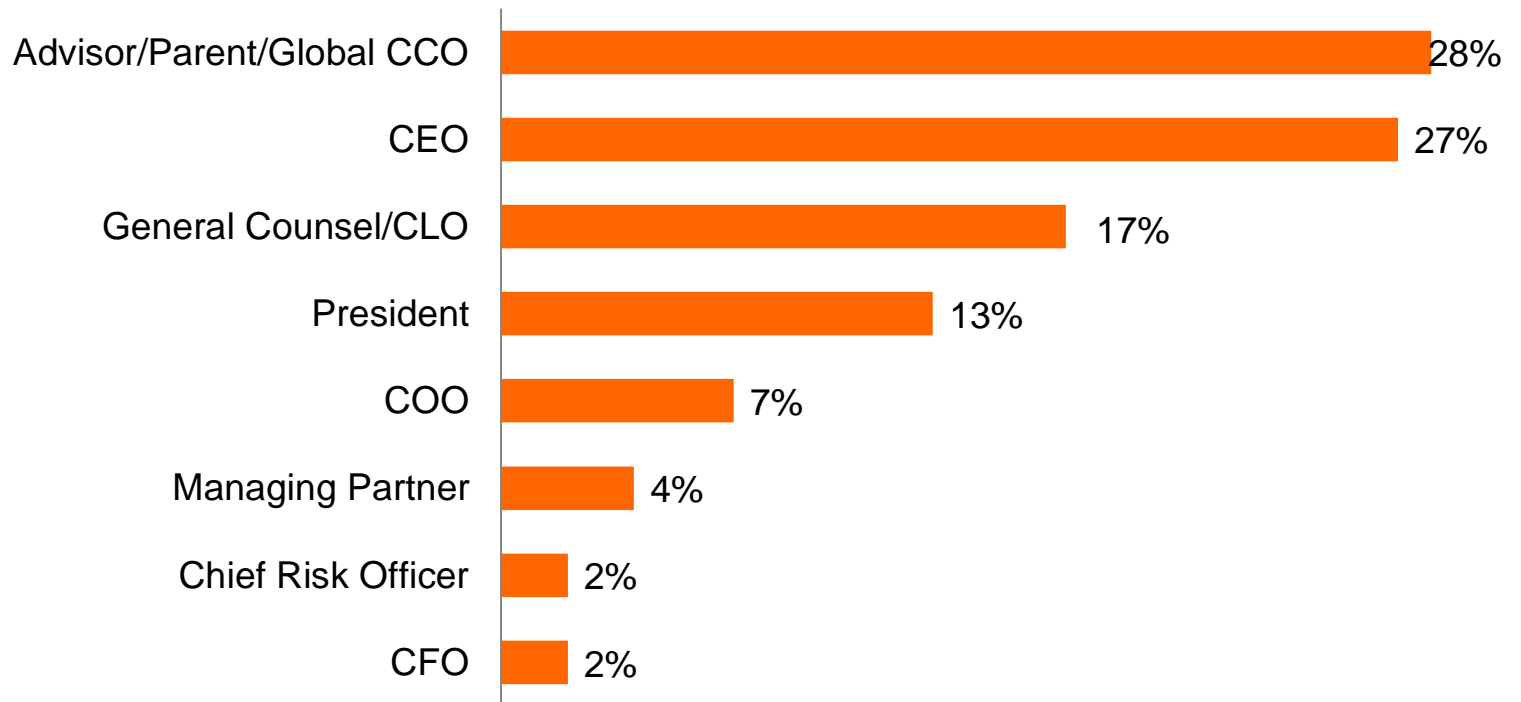


# Other Metrics/Responsibilities

Average annual budget:	\$1.6 million
Average number of direct staff:	3.3
Average number of indirect staff:	4.9
Average number of sub-advisors overseen:	9.2
Average number of pricing services overseen:	3.4
Average number of other service providers overseen:	6.9

# CCO Internal Reporting

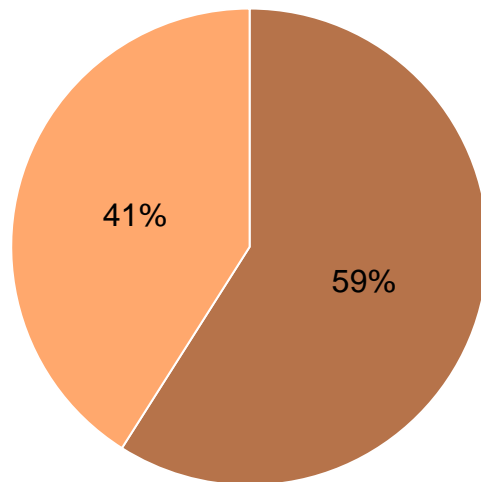
28% of CCOs report internally to a higher level of compliance/CCO, 27% report to the CEO, and 17% to the General Counsel or CLO.



# Compensation Source

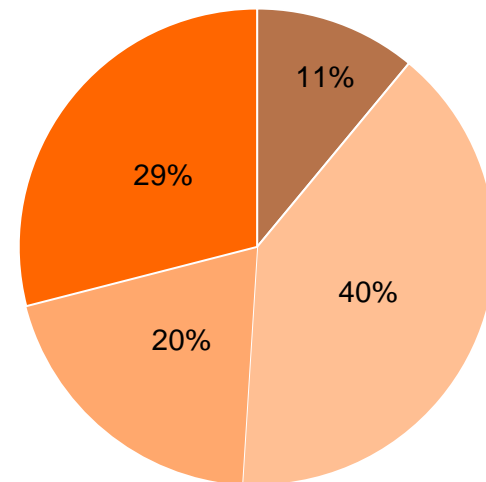
There has been a growing trend toward sharing the cost of the CCO between the funds and the manager. This year 59% reported some or all of their compensation being paid by the funds.

**CCO Compensation Split**



■ Fund Pays All or Part ■ Advisor Pays 100%

**How Much the Funds Contribute (if they do contribute)**



■ Up to 25%      ■ 26% to 50%  
■ 51% to 75%    ■ 75% to 100%

---

# Management Practice Inc.

[www.mpiweb.com](http://www.mpiweb.com)

---

**Jay Keeshan**

[JKeeshan@mpiweb.com](mailto:JKeeshan@mpiweb.com)

**Sara Yerkey**

[SYerkey@mpiweb.com](mailto:SYerkey@mpiweb.com)