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Delta Data Software First to Market with Comprehensive Solution for Fund-Imposed and SEC-Proposed Mandatory Early Redemption Fees

Revenue Manager™ enables financial intermediaries to meet the "hodgepodge" of early redemption fee conditions while unlocking revenue opportunities.

COLUMBUS, GA., May 18 -- Earlier this year, the SEC issued a proposed ruling 22c-2 on mandatory early redemption fees as part of its attack on abusive market timing -- the rapid buying and selling of fund shares that can drive up costs for long-term investors. Although the SEC proposal recommends a mandatory two-percent penalty on the proceeds from shares traded within five days of purchase, mutual fund companies are now beginning to set their own early redemption fee conditions. A rapidly unfolding landscape of fees, schedules and rules around the early redemption of shares is creating new challenges for financial intermediaries.

During an open meeting of the SEC on February 25, 2004, SEC Chairman William H. Donaldson described these emerging challenges: "Today, the vast majority of mutual fund shares are held through financial intermediaries such as broker-dealers, banks, insurance companies, and retirement savings plans," Chairman Donaldson said. "Thus, funds that impose redemption fees must turn to the intermediaries for assistance in implementing them. These intermediaries may be reluctant to undertake this burden on behalf of the funds, particularly when confronted with a hodge-podge of fees and conditions that differ from fund to fund and complex to complex."

Revenue Manager™, a robust module within Delta Data Software's FUNDLinx™ solution, is the first solution proven to enable banks, retirement service providers, insurance companies and broker/dealers to manage the complexities of mandatory early redemption fees by allowing them to easily establish and maintain fee formulas at a CUSIP level. Revenue Manager streamlines early redemption fee compliance by automatically aging shares, tracking transaction details using LIFO or FIFO accounting, calculating fees at the account level and remitting payment to mutual fund companies.

"Financial intermediaries now have the opportunity to move ahead of the compliance curve and have total control and active management of fee arrangements. Additional revenue may be found by ensuring proper account linking and thorough documentation of fee calculations," said Don Beck, Delta Data president and CEO. "In Revenue Manager, Delta Data offers not only a powerful solution for solving the challenges of active management of revenue sharing, but also a solution that meets the demands of mandatory early redemption fees and the anticipated chiefly compensated test under the Gramm-Leach-Bliley Act."

About FUNDLinx™

Delta Data's FUNDLinx™ suite of integrated software solutions provides total automation of back-office mutual fund operations for financial services and retirement plan providers. FUNDLinx ensures a higher level of control, tighter audit trails and improved operational efficiency. With a powerful centralized platform, FUNDLinx stores all of the data relevant to mutual fund trading and processing in one common Oracle® database. The five integrated FUNDLinx modules help organizations leverage that data to trade, reconcile positions, calculate and track fee revenue, automate income processing, and manage and reconcile cash. FUNDLinx modules include, Trade Manager™, Position Manager™, Revenue Manager™, Income Manager™, and Cash Manager™.

About Delta Data Software

With a 19-year legacy of building, implementing, supporting and maintaining sophisticated software systems, Delta Data Software is uniquely skilled in the delivery of transaction-based applications specifically tailored to meet the technology needs of the retirement and investment services industry. Delta Data's FUNDLinx is the industry's most advanced and comprehensive mutual fund and securities processing system – driving profitability for our clients with better edits and audit controls, less risk and dramatic cost reductions from straight-through processing.

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