

**MEMO# 24107**

January 28, 2010

# **IDC Issues Task Force Report On Board Oversight of Subadvisers**

[24107]

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TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 9-10  
COMPLIANCE MEMBERS No. 5-10  
INVESTMENT COMPANY DIRECTORS No. 4-10  
OPERATIONS COMMITTEE No. 2-10  
SEC RULES MEMBERS No. 13-10  
SMALL FUNDS MEMBERS No. 9-10     RE: IDC ISSUES TASK FORCE REPORT ON BOARD  
OVERSIGHT OF SUBADVISERS

The Independent Directors Council is pleased to provide you the IDC task force report entitled [Board Oversight of Subadvisers. \[1\]](#) The report discusses the business reasons for retaining a subadviser and industry trends in the use of subadvisers. The report also explores board oversight of subadvisers, starting from the time a principal adviser recommends hiring a subadviser, through board approval of the subadvisory agreement and ongoing board oversight of the subadviser, to possible termination of the subadviser. At each step, the report explores potential issues and considerations of particular interest to boards overseeing subadvised funds.

The report was developed by a task force composed of independent directors, in-house fund lawyers, and compliance personnel. IDC thanks the task force for their time and significant contributions to the report.

The practices discussed in the report are not intended to be a model or a set of “best practices,” but are intended to assist directors in considering issues pertinent to the funds

they oversee.

Amy B.R. Lancellotta  
Managing Director

**endnotes**

[1] The report can be found on IDC's website at:  
[http://www.idc.org/pdf/idc\\_10\\_subadvisers.pdf](http://www.idc.org/pdf/idc_10_subadvisers.pdf). To obtain a hard copy of the report, please call the ICI Library at (202) 326-8304 and request the "IDC Task Force Report on Board Oversight of Subadvisers."

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